THE CHINA WEEKLY REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

January 4, 1941

Opium Evil Flourishes in Nanking Under "New Order;" Former Capital Desolate

Nazi Raiders Imperil Pacific

Roosevelt Denounces Axis

Crime Goes on Rampage

Full Text of General Chiang's Strong Condemnation of Wang-Abe "Treaty"

VOLUME 95 PRICE 80 CENTS (in China) NUMBER 5

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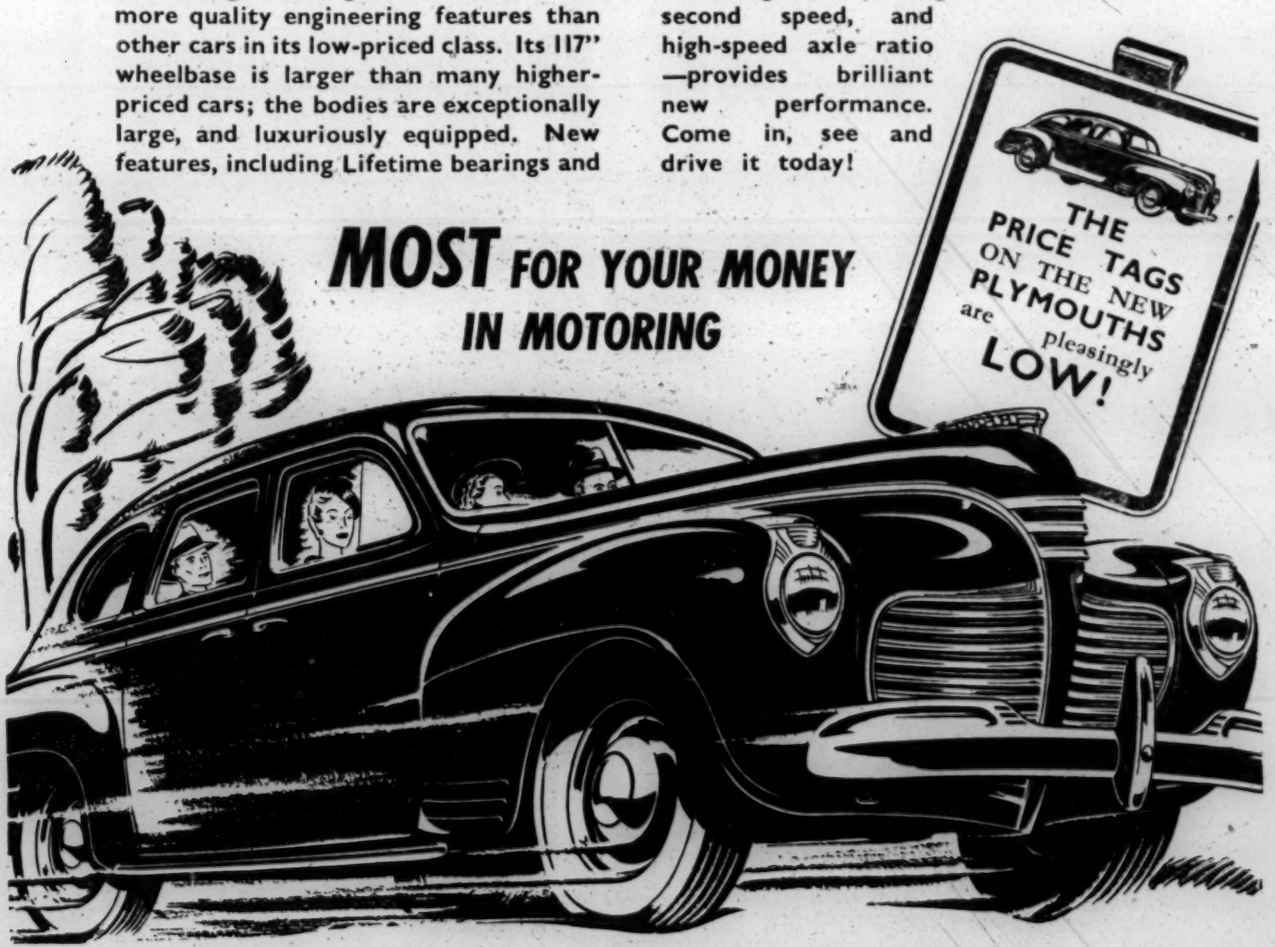

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What People Are Saying

Comments from readers on current topics are cordially invited; their opinions, however, do not necessarily represent the views of *The China Weekly Review*.

FAITH UNSHAKEN

To the Editor:

Red, yellow, green, blue paper slips bearing the words, "Down With Puppet Wang Ching-wei," "Long Live The Kuomintang", "Long Live Generalissimo Chiang Kai-shek", "China is Fighting to Defend Democracy", "Japan is the Common Foe of The Far East peoples", "China is Fighting for World Peace", "Let China be United With America, Britain and Soviet Russia", and the like, printed both in Chinese and English were scattered by Chinese boys and girls on Christmas Eve in Shanghai theaters, dancing halls, and various amusement resorts.

In one of the Chinese theaters, it is said, a group of school boys with two or three girls among them, at receipt of the paper slips shouted those slogans in a chorus. They were so carried off by patriotic fervour that they did not stop until the picture started. What is more interesting, in the middle of the show, a loud voice, "Support Generalissimo Chiang Kai-shek!" broke out from one of those boys, causing quite a disturbance to the audience.

Theaters frequented by foreigners also were favored with the paper slips. Probably they were distributed quietly during the show, as people found themselves decorated with those papers on their shoulders, bonnets, or elsewhere only at the end of the show. The coloured paper slips fluttered here and there as if blessings from Santa Claus, as one American lady remarked.

According to well-informed Chinese observers, the paper slips were in part scattered by the local Kuomintang Headquerters and in part distributed by the San Min Chu I Youth Corps and some people groups under the Kuomintang leadership.

In spite of pressure from the Japanese and Wang Ching-wei sources, those Kuomintang members of Shanghai remain as adamant and loyal as ever. Their faith in China's ultimate victory is still unshaken.

J. D. E.

Shanghai, Dec. 25, 1940.

ABOUT WANG'S BANK

To the Editor:

It is reported that a Puppet Central Bank is to be established on January 6, 1941 in Nanking by the Wang Ching-wei Government and a Branch Office is under contemplation for Shanghai some time later. It is clear that the Puppet Bank, after its inauguration, will immediately issue notes of its own for the evident purpose of confusing China's finance and destroying the circulation of National Currency as part of its nefarious scheme to overthrow the National Government.

It is obvious that Wang's Bank has no foreign currency on hand to back its paper issue. In order to achieve this end, Wang's Bank probably will snatch needed foreign currency through the aid of the Custom House by forcing the exporters to surrender their foreign exchange into his Bank before being allowed to export their cargo and Wang's Bank will likewise facilitate the circulation of their notes by compelling the population to change national currency into the Puppet notes, which they will readily convert the former into foreign currency.

It is undertood that the right of notes issue of the Hwa Hsin Commercial Bank hereafter will be taken over by the puppet Central Bank and its notes hitherto in circulation in the Japanese-controlled areas will be withdrawn.

The impending establishment of the Puppet Bank gives impetus to Shanghai speculators and adversely affects the exchange market. China has repeatedly announced that she will not recognize any paper notes illegally issued, and further has stated that national currency is the only legal tender throughout the country. She is also urging the people to co-operate with the Government in an effort to frustrate the economic onslaught planned by Wang Ching-wei and his accomplices and thus remove this obstacle standing in the way of a successful campaign of resistance.

P. H. A. W.

Shanghai, Dec. 24, 1940.

BRITAIN AND HER POLICY

To the Editor:

Britain, though she failed in the past, due to adopting an appeasement policy, to deal with Japan, has taken strong and active steps instead of weak and passive ones since the Tripartite pact was signed. This may be proved by the following facts:—

Reopening of the Burma Road;
Non-recognition of the Nanking puppet government; and
New loan of £10,000,000 to China.

Militarily, Britain has prepared to co-operate closely with U.S. in the Far East in order to check Japan's southward push and protect the territories of both countries. Economically, she has adopted a policy parallel with that of the U.S., to help China so that China's war of resistance may be strengthened, and Japan's strength weakened until she collapses.

Anglo-American military co-operation in the Far East and the parallel foreign policy toward Japan are much feared by the Japanese government and the

THE CHINA WEEKLY REVIEW

Cable Address "REVIEWING SHANGHAI"

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mad militarists. In the meantime, perhaps Japan will hesitate or not dare to push southward, especially owing to the Greek victories in the present Italo-Greek war in Blakans. But Japan might seize a better chance if these comes one in their dream of southward expansions.

Japan's Foreign Minister Yosuke Matsuoka who had challenged America not long ago by saying to the correspondent: "I fling a challenge to America .....Japan will fight America," has again told foreign correspondents of his hope for better U.S.—Japanese relations. The Japanese are always changeable, they cannot be judged in the ordinary way. No one can guarantee Japanese words and actions are unanimous. Japan does not give up her southward expansion dream. The Government and its people are equally ambitious and bellicose. So both Britiain and America should watch Japan all the time, and prepare.

MU WEN FU

PRECIOUS

To the Editor:

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MA NAI PING

Kweiyang, China, Dec. 16, 1940.

NATIONAL CITY BANK OF NEW YORK
December 31, 1940

Rates of Exchange, Shanghai,

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U.S.$1.00—Sh.$18.18

Demand buying rate on New York:
U.S.$1.00—Sh.$17.77

Demand selling rate on London:
£1.0.0—Sh.$68.57

Demand buying rate on London:
£1.0.0—Sh.$66.78

AMERICAN STOCK AND COMMODITY QUOTATIONS
December 30, 1940

STOCKS

Amer. Locomotive	16⅜
Amer. Waterworks	6⅞
Anaconda Copper	27
Bethlehem Steel	86⅜
Chrysler	73½
Elec. Bond & Sh.	3¾
Gen. Motors	48¾
Goodyear T. & R.	19¼
Gt. Nthrn. Rly., pfd.	27
Lockheed Aircraft	27⅜
Mont. Ward	37⅝
N. Y. Central	14⅛
Texas Corp	39¾
U. S. Steel	70

COMMODITIES

New York Cotton, Jan.	10.26
New York Rubber, Jan.	20.35B
New York Hides, Mar.	13.08B/10A
Chicago Wheat, May	86⅞/86¾
Chicago Corn, May	62⅞/62⅛
New York Sugar, No. 4, Mar.	0.72B/72½A

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DEFEAT OF AXIS PREDICTED BY PRESIDENT IN STRONG SPEECH

President Roosevelt on December 29 flatly rejected proposals that the United States should initiate a peace movement and confidently predicted that the Rome-Berlin-Tokyo Axis would meet with defeat.

The President appealed to the American nation in a stirring radio broadcast to turn itself into a "great arsenal of Democracy" and pledged the expansion of American "short of war" aid to Britain.

Mr. Roosevelt denounced Japan and other members of the Axis as signatories of an "unholy alliance of power designed to dominate and enslave the human race."

According to the *United Press* version of the broadcast, the President promised the nation that American soldiers would not be sent to fight in Europe, but pointed out that the United States must increase her material aid to Britain if an American war with the Axis Powers was to be averted in the future.

"Does anyone seriously believe," Mr. Roosevelt said, "that we need to fear attack while a free Britain remains our most powerful naval neighbor in the Atlantic?

"Does anyone seriously believe, on the other hand, that we could rest easy if the Axis Powers were our neighbors there?

"It is no exaggeration to say that all of us in the Americas would be living at the point of a gun . . . . To survive in such a world we would have to convert ourselves permanently into a militaristic power on a basis of war economy . . . .

"Frankly and definitely there is danger ahead—a danger against which we must prepare. We well know that we cannot escape this danger, or the fear of this danger, by crawling into bed and pulling the covers up over our heads."

The President applauded China's prolonged resistance against Japanese aggression and described China as a "great defense" to the United States. He indicated that China could expect increased material assistance from the United States.

"Any South American country in Nazi hands would always constitute a jumping off place for Germany in attacking any other Republic in this Hemisphere," the President said.

"There are those who say the Axis never would have any desire to attack the Western Hemisphere. This is the same form of dangerous, wishful thinking which has destroyed the powers of resistance of so many conquered peoples . . . .

"Let us no longer blind ourselves to the undeniable fact that the evil which has crushed, undermined and corrupted so many others already is within our gates . . .

"The experience of the past two years has proved beyond doubt that no nation can appease the Nazis. No man can tame a tiger into a kitten by stroking it.

NO APPEASEMENT WITH RUTHLESSNESS

"There can be no appeasement with ruthlessness. There can be no reasoning with incendiary bombs. We know now that a nation can have peace with the Nazis only at the price of total surrender . . .

Happy New Year!

Courtesy U.S.M.C. Magazine, Walla Walla

"Thinking in terms of today and tomorrow, I make the direct statement to the American people that there is far less chance of the United States' getting into war, if we do all that we can now to support the nations who are defending themselves against Axis attack, than if we acquiesce in their defeat, submit tamely to an Axis victory and await our turn to be the object of attack in another war later."

The President's remarks in this connection were regarded as a blunt reply to recent German warnings to the United States against extending material aid to Britain.

The President said his aim was to keep the United States "out of a last ditch war for the preservation of American independence" and clearly indicated that he intended to do this by supplying Britain and China with material aid sufficent to assure the defeat of the Axis Powers.

TO KEEP AMERICA OUT OF WAR

"This is not a fireside chat on war," Mr. Roosevelt began. "It is a talk regarding national security, because the whole purpose of your President is to keep you now, and your children later, and your grand-children much later, out of a last ditch war for the preservation of American independence and all things American independence means to you and me and ours."

"Tonight, in the presence of world crisis, my mind goes back to eight years ago.

"In the midst of domestic crisis it was a time when the wheels of American industry were grinding to a full stop, when the whole banking system ceased to function . . . .

Constantly Increasing U.S. Aid for Britain and China Seen

"In 1941, the United States will increase her assistance to China and Britain; the Neutrality and Johnson Acts cannot prevent the United States from assisting the Democracies; in fact there is a possibility that both laws will be repealed or revised," declared Dr. Chang Chung-fu, well-known authority on international affairs, in a special article published in the Chungking *Central Daily News*, official organ of the Government, on December 30.

In Tokyo, on the same day, a Japanese Army statement reviewing the current year's military operations in China blamed United States and British aid for Chungking's continued resistance.

"There is a possibility of increased assistance from these two countries as the war situation is more unfavorable for Chungking," the statement said.

"I tried to convey to the great mass of American people what a banking crisis would mean to their daily lives.

"Tonight, I want to do the same thing with the same people in this new crisis which faces America . . .

> **"Never before since Jamestown and Plymouth Rock has our American civilization been in such danger as now. For on September 27, 1940, by an agreement signed at Berlin, three powerful nations, two in Europe and one in Asia, joined themselves together in a threat that if the United States interfered with or blocked the expansion of the program of these three nations—a program aimed at world control—they would unite in ultimate action against the United States . . . .**

"The Axis not merely admits, but also proclaims, that there cannot be an ultimate peace between their philosophy of Government and our philosophy of Government.

"In view of the nature of this undeniable threat, it can be asserted properly and categorically that the United States has no right or reason to encourage the talk for peace until the day shall come when there is a clear intention on the part of the aggressor nations to abandon all thought of dominating or conquering the world.

"At this moment the forces of the states leagued against all peoples who live in freedom is being held away from our shores .

"Germany and the Italians are being blocked on the other side of the Atlantic by the British and Greeks.

"The Japanese are being engaged in Asia by the Chinese in another great defense.

"In the Pacific is our Fleet in part. Some of our people like to believe that the wars in Eroupe in Asia do not concern us. But it is of most vital concern to us that the European and Asiatic warmakers should not gain control of the oceans which lead to this hemisphere."

Britain and Soviet One in Desire to Give Aid to China

Mr. Anthony Eden, newly-appointed Secretary of State for Foreign Affairs, and M. Ivan Maisky, Russian Ambassador to Great Britain, on December 27 held conversations which both described as a cordial exchange of assurances of desires to improve Soviet Russian-British relations.

They briefly referred to Far Eastern affairs especially to their Governments' mutual desire to continue aid to China, it was understood by *United Press*.

Mr. Eden invited M. Maisky to specify immediate obstacles to a British-Russian reconciliation, it was understood.

Chou Fu-hai Prepares to Issue His New Flood of "Currency"

To the already multifarious array of currency in Japanese-occupied areas of China will be added on January 15 the blue, red, and green portrait notes of Dr. Sun Yat-sen, under the issuance of Nanking's puppet Central Reserve Bank. The $10, $5, and $1 notes, colored respectively, will follow the announced inauguration of the puppet financial institution on January 6.

The new notes, from Japanese printing presses, in imitation of the legitimate notes of the Central Bank of China, will merely add a further burden to the unfortunate Chinese people who reside in Japanese-occupied territory and in consequence must accept any kind of unsecured paper currency which is handed to them by the Japanese Army or its puppets.

Speculation is rife as to the effect the new money will have on trade, travel, and exchange values. Obviously the Japanese object is to monopolize trade in Central China as effectively as they do in North China, which will endanger the three-way interests in Shanghai of Britain, America, and Chungking, just as the "Federal Reserve Bank" notes have been used to monopolize foreign exchange in the north.

According to Chinese business circles, imports in Tientsin are priced in Chinese currency, but while converting the original price in gold into Chinese currency the unofficial or secret foreign exchange market rates are used. The price is then converted into the Customs Gold Unit. The new notes will help maneuver Japanese favorability in both transactions.

Other theories were to the effect that the value of "*fapi*" will not depreciate any more than after the organization of the "Federal Reserve Bank" in Peiping, unless forced elimination of present money causes a flood of buying foreign currencies for a while. When the former re-organization was being attempted the exchange rate in Tientsin dropped to US$0.0375 and 2.5d. However, later the value increased steadily again.

Rumors last week were that the Central Bank of China, with head offices in Chungking, would issue no quotations as from December 23, causing great confusion in the market. Yet no quotations are issued in Tientsin, and the value of "*fapi*" has remained as high or higher than in Shanghai.

Warnings against the value of the new money carried all the weight possible from financial spokesmen in Chungking. Tu Yueh-sen, former prominent Shanghai banker and businessman, gave a special radio broadcast December 26 to the people of Shanghai. Mr. Tu declared that the notes issued by banks under control of the Japanese Military now totaled $2,000,000,000 without adequate security. On the other hand, he pointed out, the notes issued by the Chungking Government now totaled only $3,900,000,000.

In addition to the usual securities, the spokesman stressed the recent loan of $100,000,000 by the United States government, and the £10,000,000 loan by Great Britain, together with the Soviet stabilization fund.

Since the Shanghai hinterland is already saturated with Military Yen issued by the Japanese Army, which the Japanese warlords obviously intend to repudiate when they evacuate these shores, considerable speculation exists as to the relationship which will exist between Chou Fu-hai's unsecured paper money and the Japanese Army's unsecured military notes. Chou Fu-hai's original scheme was to flood the country with his worthless notes, issued in imitation of China's national currency and exchange them for the legitimate money of the country, which does have value. The fact that Chou's notes are issued in imitation of the legitimate notes, thereby hoping to deceive the public, is the best evidence of his intentions.

Nanking Extends Its Tentacles Over Many Phases of Shanghai Life

(Editorial Contribution)

THOUGH the Japanese still are the chief power behind Central China politics, yet through bargaining and intrigue, the Wang Ching-wei regime recently has extended its influence over certain aspects of Shanghai life.

While the Chinese people had much to fear from the Japanese, they now have probably more to fear from the baser elements in their own population who have been installed in the new Nanking set-up. Many rich Shanghai Chinese, in order to escape the menace of Nanking recently even preferred to return to Peiping rather than face persecution here.

The inauguration of Chen Kung-po as Mayor of the Shanghai Special Municipality brought some rosy promises on his part as to what he "planned" to do to eradicate prevalent evils here. His statements were interesting in that most of the evils were Nanking-fostered. But the passage of time, and absence of even a single concrete result from Mayor Chen's promises, has merely shown that Mayor Chen, despite an enviable revolutionary background apparently has become an unambitious indolent gentleman whose main interests lie in other directions than the elimination of such evils as opium-smoking and gambling which are impoverishing and degrading his fellow countrymen. To have expected retiring, ease-loving Chen to produce any achievement of note or to suddenly branch out with a reform program in Shanghai probably was for lorn hope.

Despite hopes to the contrary, Mayor Chen, apparently is a figure-head, put here to give some semblance of dignity to the local puppet set-up, since he is not disliked by either Chinese or foreigners. In fact the foreigners, or at least some of them appear to like him, witness a member of the Shanghai Club honoring him at a luncheon last week. (Monday, December 23.) As far as actual power goes, Mayor Chen Kung-po has little, so that even if he desired to effect the reforms he mentioned in his inaugural speech, he would be powerless. It is in another section of the Nanking regime—the Chou Fu-hai clique—which controls the money and the guns that provides the power behind Mayor Chen, who in turn also is subject to Japanese control.

Chen not only cannot reform evils here, but lacks even the resources to create anything new in the way of constructing achievement. Revenues from rental taxes, car licenses and the vice squeeze which may come to his coffers, cannot compare in the least to what the Chou Fu-hai clique garners and, furthermore, the Mayor had to put a Chou Man—Yuan Hu-tse—in as the head of his City Bureau of Finance.

An illustration of the Mayor's powerlessness was indicated when he declared in his press interview on December 21, that he "would try to get 14,000 piculs of rice per month for Shanghai's starving people." It is a fact that 14,000 piculs of rice is only enough to feed Shanghai for a day and a half. No wonder the authorities of the International Settlement have also initiated independent negotiations with the Japanese on the same matter.

The Shanghai Municipal Council, announced that it knew nothing of Mayor Chen's endeavors to obtain rice, and all indications were that the public had little faith in his ability to influence the Japanese who are solely responsible for the rice shortage.

At the same press interview Mayor Chen discussed the policing of the outside roads area, but he could not admit that Chou Fu-hai, through his control of gambling and opium in the "badlands" actually had more power in that area than Mayor Chen ever can have.

Standing therefore as a "Mayor" without power, Mr. Chen will not be able to carry out the reforms the Shanghai public may have expected unless the Japanese should decide to oust the Chou Fu-hai clique which has fastened its tentacles on the Shanghai vice monopoly.

Of Chou Fu-hai, the Nanking Minister of Finance, none has any illusions; he is a self-seeking politician whose chief ambition seems to be concerned with opium and money, printing press money if he can't get any other kind. Minister Chou's chief claim to fame, apparently rests on several treatises he wrote on the

Failure of Japanese Army

Traitors Have No Souls

Chungking cartoons depict Japanese officers (left) in the act of committing suicide because of their failures to control puppet troops. The picture on the right shows the consternation of a Chinese soldier—in puppet uniform—when he reads poster, put up by a patriot, stating that "Traitors who help the Japanese fight against the Chinese have no soul—Don't be a traitor—turn your guns on the enemy."

"three principles" of Dr. Sun Yat-sen, which were made compulsory reading for Chinese soldiers.

Chou Fu-hai is said to have the complete confidence of the local Japanese military authorities with whom he works closely, particularly in secret-service and spy work. For this the Japanese give him money and guns. Nominally, as vice-president of the Nanking Legislative Yuan, he is second to Wang Ching-wei in power, but, practically speaking, in power and in pull with the Japanese, he is the equal of Wang, and on many matters, it is alleged that Wang Ching-wei must deal with the Japanese through Chou.

Included in Chou's clique must be counted Ting Mo-tsuen, Minister of Social Welfare, and Li Shih-chun, Minister of Police, who operates the notorious political gangster headquarters at No. 76 Jessfield Road. That these two men are responsible for much of the reign of terror in Central China is too well-known to need elaboration. Practically all political kidnapping and vice control is operated through 76 Jessfield Road under the supervision of Ting and Li. Pan Tse-chi, the ex-chauffeur manager of "No. 76" is their subordinate.

It lately has been reported that extortion is more prevalent at present than actual kidnapping, but citizens who disregard threats are kidnapped. A great number of wealthy men have purchased immunity from kidnapping, according to report. Extortion and ransom fees run to hundreds of thousands of dollars. In addition to kidnapping, "No. 76" also dominates—under the Japanese—the local opium and gambling dens, and has some of the biggest vice dens, such as the Asia Club under its sponsorship.

Li, head of the local Chinese police, is said to receive very little money from Nanking. Minister of Finance Chou stated in a press interview on September 23 that as one of the guiding principles of his Ministry, the financial responsibility of police administration should be supported by the locality wherein the police are stationed, and not by the Finance Ministry. (*cf. People's Tribune*, Nov., p. 288).

Another phase of Nanking activity in Shanghai directed from No. 76 Jessfield Road, consists of intrigue with Shanghai labor unions and police departments of the foreign-controlled areas. It was alleged recently that the Postmen's Union, had come under Ting's control, as also was the situation with the French tramway workers and the workers of the China General Omnibus Company. Many policeman in the French Concession are alleged to have received checks from No. 76 Jessfield Road until the practice was stopped by the authorities of the Concession

Another Nanking activity, also fostered by Lin Po-hsun, Minister of Propaganda, and exercised through staff members of his *Central China Daily News* has been concerned with obtaining control of all primary and middle schools in the foreign areas, a matter involving some 200,000 youngsters and 450 schools. The chief of the bureau of Chinese education of the French municipality, was reported to have called a meeting of all school principals in the Concession and told them that they must either change their viewpoints or their residence.

While some of the Concession school principals will leave Shanghai for free China, many of the poorly-paid teachers, often getting only $35 monthly, will have no recourse but to come under Nanking's sway. Nanking has not only been "buying over" principals at from $300 to $500 per month, but picked students are alleged to have been given from $30 to $100 per month to stir up pro-Wang agitation, do spy work, and form pro-Wang student associations. In the Settlement, the secretary for Chinese education allegedly "suggested" to heads of schools that they eliminate "pro-war text-books" and ban patriotic activities, such as school plays, etc. Even the Jewish emigrees were compelled to discontinue the presentation of plays which were regarded as anti-Hitler. The pressure came from the Japanese, partners in the Axis. It is obvious that Shanghai will feel more pressure in future, and equally obvious that the Japanese will find it more and more convenient to use the puppets for that purpose.

Wang's Gamblers Stage "Blitzkrieg" on Settlement

The Christmas holiday period apparently was chosen by the local gambling fraternity, adherents of the Wang Ching-wei regime at Nanking, for attempting a drive into the International Settlement. As a result the police were kept busy raiding places which had been opened or were planning to open. Two places which had been opened and were operating were the Silver Palace Cabaret, located on Ave. Foch. The Silver Palace was originally designed as an ice-rink, but never was completed. Recently it opened as a cabaret with the usual advertisements telling of "beautiful dancing partners," but the cabaret apparently was a camouflage for a well appointed gambling resort which occupied the upper floors. As a result of a police raid and seizure of large quantities of paraphernalia and considerable opium, the Silver Palace will be forced to move into Japanese-controlled territory.

The other place raided was located on Bubbling Well Road and was known as "37427," this being the telephone number of the resort. The street number was 1477 Bubbling Well. It was an "exclusive" establishment, catering to wealthy persons, who were admitted only by presentation of cards. The proprietor of the establishment, allegedly was a Portugese named Luiz Antonio Perpetuo, 27 years old. The manager, Liang Yoong, representative of the syndicate, escaped into the "badlands," where the chief gambling houses are located. Bien Tsung, listed as superintendent of the joint, was taken into custody by the police and later, according to the report, led the police to Liang's residence where he was arrested. Nine Chinese arrested on the premises were arraigned in First Special District Court and remanded for a week.

The police also raided another establishment located at No. 9, Lane 1132 Ferry Road, where 19 persons were arrested as they participated in a "pre-opening" feast, most of them being employes and prospective guests. They were brought before the First Special District Court and fined from $50 to $500 each under the Chinese regulations against operating or attending gambling houses.

The owner of this den, also an adherent of the Nanking regime, is a Cantonese named Lin, who has not yet been apprehended.

A foreigner, citizen of an exterritorial country, was arrested on the premises of the resort at 1477 Bubbling Well, but his name was not given in the police report.

The police report stated that the authorities have knowledge of several other gambling houses operated by foreigners in the International Settlement, and intend to bring action against them shortly.

It also has been rumored that the police may take action against the "Six-Nations" gambling house on Ave. Haig, adjacent to the German Church, School and Nazi Center. Since this house fronts on a narrow Settlement road numerous complaints have been made regarding interference with traffic by motor cars leaving and entering the place.

S.M.C. Chairman, Local Military Chiefs Visit Japanese Naval Resident Officer

Returning the visits made on December 24 by Rear-Admiral Risaburo Fujita, newly appointed Chief Japanese Naval Resident Officer in Shanghai, Mr. W. J. Keswick, Chairman of the Shanghai Municipal Council, Colonel Dewitt Peck, Commander Ettore Rabaioli and Colonel Essautier, Commanding Officers of the U.S. Fourth Marines, Italian Marines, and French Forces, respectively, called upon the Japanese naval official at his residence on December 26.

Japanese Revive Demands for Increased Seats in Council

Marking the inauguration of the Japanese Ratepayers' Association of Shanghai, of which he is President, Mr. Yukichi Hayashi on December 26 issued a lengthy statement demanding greater Japanese representation on the Shanghai Municipal Council. Mr. Hayashi protested against a population of "not more than 7,000 Britons" in Shanghai being represented by five members on the Council. The 80,000 Japanese living in and around the International Settlement (now represented by two members) "could no longer remain unconcerned" with the "unfair State" of the Settlement administration; they demanded proportionate representation, with the right to participate in the administration allotted to the varions national groups in accordance with their numbers.

Demand for a larger Japanese representation in the Municipal Council, Mr. Hayashi stressed, "is natural in view of the fact that the Sino-Japanese conflict is still in progress, and Japanese political interests in and around Shanghai are inseparably connected with strategic considerations."

Mr. Hayashi declared that "by taking advantage of defects in the election regulations, British firms, aided by the Municipal authorities, (last election) divided and registered land under their control in the names of their employees and unfairly created several thousand votes shortly before the election."

In conclusion, after defining the aims of the Japanese Ratepayers' Association as including a "fundamental re-examination of the land regulations, the municipal election laws, the Council's financial system and also the Council's taxation system, Mr. Hayashi denounced the "make-shift policy" adopted by the Council in meeting its financial difficulties.

The President of the Japanese Ratepayers' Association said little that was not said by various Japanese representatives before and after the last Municipal elections. Indeed on that occasion some of his co-nationals went a good deal further in the way of veiled threats, and there was good reason to believe that in order to forestall a blitzkrieg on the budget for 1940, (not to mention the revoking of a loan which already had been borrowed and spent), the Shanghai Municipal Council was compelled to heed those threats and grant certain administrative concession to the Japanese. It would ill behove the people of this city, therefore, to dismiss Mr. Hayashi's statement lightly even although on the face of it, it is as barefaced a piece of impudence as ever has been uttered. It should be examined in all its implications.

The reiterated Japanese demand for proportionate representation on the S.M.C., of course, is utterly absurd. By the reckoning of the Japanese, every rag-tattered Tom, Dick and Harry who cares to take up residence in Shanghai, regardless of what he may be able to contribute towards the welfare of the city, regardless of what others who came long before him have put into Shanghai, is entitled to representation provided he can find enough of his ilk to form a numerical entity. Were this true, Mr. Hayashi's case for proportionate representation would hold water. Numbers would be enough.

This is not the case in the International Settlement, however, as representation on the administrative body rightly takes into account the historical background of the city. It takes into account that fact that the International Settlement was built on British, and to a lesser extent, American, enterprise. It takes into account the contributions those two peoples made towards the establishment of a great city on what was once a marsh—contributions which are very closely and very effectively safeguarded by the land regulations and elections regulations against which Mr. Hayashi complains.

The Japanese, on the other hand, contributed nothing towards the foundation of Shanghai and have contributed little since—unless grief, greed and political aggression may be taken into account. Even more, they have seized by military force and claimed by right of conquest a large part of the International Settlement, committing therein repeated violation of third power rights to freedom of trade and movement. Now, still dissatisfied, they seek greater control over that remaining part of the Settlement to which by far the greater part of this city's commerce has been driven in search of refuge.

In these circumstances, while Mr. Hayashi's complaint that the British and American communities applied certain electoral regulations last Municipal elections to ensure retention of Council control is justified by fact, it is certainly not justified in its implication of "unfairness." The British and American communities were merely attempting to safeguard their historic and present investment in Shanghai by methods which the "new order" should not find the least difficulty in stomaching.

Mr. Hayashi's reference to Japanese "political interests" in and around Shanghai as the result of the Sino-Japanese hostilities, will leave the foreign and Chinese communities completely unmoved. Whatever the "political interests" in which the Japanese have become involved, they have only themselves to blame for precipitating the hostilities in the first place, and for using the Shanghai International Settlement as a base of operations in the second. The troubles of the Japanese military are their own concern—not the Settlement's.

The Shanghai Municipal Council is not blameless for the unhappy situation in which it has placed the city. Throughout the whole of the Sino-Japanese hostilities the Council has pursued a policy of uncertain blundering in its domestic affairs and a policy of cringing appeasement towards the Japanese in its "foreign" affairs. Particularly in the last twelve months, with the emergence of numerous puppet regimes and administrations both in the vicinity of Shanghai and in the nation's former capitals, has the Council retreated from anything resembling a realistic grip of a situation which has become fantastic. An outstanding example of this recently was the "collaboration," amounting almost to civic honors, extended to Mayor Chen Kung-po, and the co-operative attitude of the local authorities, obviously with the consent of the Consular Body, towards Wang Ching-wei's banking representatives; this, although the Governments of the two nationals dominating the Council have rejected Wang Ching-wei and Chen Kung-po as the mountebanks they are, and have become increasingly firm in their policy towards Japan.

The financial policy of the Council is open to the strongest criticism—which no doubt will be given vocal expression at a special meeting of ratepayers called for January 23, 1941, to consider an increase in taxation. If approved, this will be the second increase introduced by the present Council, the first having been imposed in order to secure a loan from the Hongkong and Shanghai Bank, which as pointed out previously, was already spent before it had been approved by the ratepayers. Admitting the difficulties of successful financing during the current exchange hysteria, there can be no escaping the fact that the Council has failed to live up to its undertaking to clean house. Private firms have managed to survive the economic crisis despite graver difficulties, and with less expert advice than that available to the Council. The Council made gestures towards the house-cleaning they promised the ratepayers at the last annual meeting, but such gestures were as ineffective as they were feeble. It is obvious even to inexpert eyes that their policy has been woefully shortsighted—and thus once again they have presented the Japanese with a golden opportunity. The Japanese, it goes without saying, will make the most of it.

According to the official announcement by the S.M.C., the Council's decision to initiate a special meeting of ratepayers was "rendered necessary by the heavy rise in municipal expenditure due to inflation since the budget for 1940 was framed." At that time, it was declared, an exchange rate of 4d was taken and it was anticipated that the cost of living allowance for the staff would remain at its then figure of 40 per cent

"Today," adds the statement, exchange is 3½d and the cost of living allowance for the lower paid members of the staff is 150 per cent.; the lowest paid employees receiving very much more. In addition, there have been large increases in the rice allowance given to the Chinese staff not serving under letter of appointment.

Japan's Southward Expansion Drive is Expression of Territorial Ambition, Not Economic Enterprise

BY JOHN AHLERS

A great many influential Japanese entertain bold hopes for 1941 to turn out a year of destiny for Japan. They expect to see the materialization of a great Japanese southward drive which ever since early last summer has preoccupied the expansionist minds in Dai Nippon. Weary of the China war and its still uncertain outlook, they hope that Hitler may overthrow Great Britain or at least place her in such a plight that she and the United States could not think of opposing with any chance of success a Japanese southward thrust. In such an event, Japan's expansionists propose to imitate Italy's last-minute action against France. The whole recent Japanese "South Sea" policy is nothing but systematic preparation of such action.

On the surface of it, and in the light of Tokyo's officials' statements, Japan's new aims in the colonial and semi-colonial areas of South East Asia are purely economical. According to the Japanese, they want in South East Asia nothing but peaceful trade, shipping, fishing, and industrial activity—all this on a basis of friendly cooperation and mutual prosperity. Yet the example of Japanese policy in China cannot be forgotten. Also as regards China, Japan's aims always have been, and still continue to be, described as aspiring at such economic cooperation. But these slogans have been abused to excuse and motivate the most horrible war of invasion in modern history. Every single concession which China prior to the Sino-Japanese war was lured into granting Tokyo on account of "economic cooperation," has been exploited by the Japanese for the establishment of bases for military and naval attack upon China. There are clear indications that Japan now is up to her same old tricks in South East Asia, and that she has secretly earmarked some day of 1941 for a South Sea performance after the Lukuchiao Incident pattern.

Japan, for the time being, has to keep her hands off the Philippines. If she entertained any doubts as to Washington's preparedness to defend the Philippine Islands against foreign aggression, the Christmas reinforcement of the American Asiatic Fleet must have dispelled them. Japan also has to proceed cautiously as regards British Malaya, where the British do not take their responsibilities lightly. Ever since the recent anti-espionage proceedings, in which they discovered that the favorite theme of conversation even among Japanese civilians there was the Singapore Naval Base, the British have watched more closely than ever the would-be promoters of an "East Asia chain of mutual co-prosperity". The British in Singapore, in addition, are plainly backed up by the United States, which has clearly indicated to Tokyo that the American Navy would go to the assistance of Singapore if necessary.

Infiltration Process

But there are other South East Asiatic countries where the Japanese last year secured entries of unprecedented width, and where they now are busy establishing new economic bases which to-morrow may be turned into bases for a display of military and naval power. These countries are French Indo-China, the Netherlands Indies, and to a smaller extent Thailand. Events in the early summer of 1940 broke the domestic power of both France and the Netherlands and threw back upon their own resources these two countries' South East Asiatic possessions. When deserting Britain, France fell at the mercy of Germany and Japan managed to browbeat French Indo-China into concessions of ever growing extent and consequences. The Netherlands continued to fight along with Britain, but Batavia thought it wise to accomodate Japan so far as possible in the hope, probably vain, of gaining time and turning the spearhead of the Japanese southward advance into another direction. Thailand, finally, ventured to bestow upon Japan new economic favors in the hope of Japanese backing for Thailand territorial claims against French Indo-China.

The Japanese are not content with the new economic advantages secured in these countries last year. They pursue their advantage and insist on further concessions. A special French mission at present is at Tokyo formally negotiating a new economic agreement between Japan and French Indo-China. A new Japanese special envoy, K. Yoshizawa, is being dispatched to Batavia to negotiate with the Netherlands Indies on economic intercourse in items other than oil and oil products. In Bangkok, the Japan Minister lured the Thailand Government into new economic negotiations. All these negotiations are closely connected, as far as the Japanese are concerned, and are being conducted for the same fundamental aim and in the same spirit. Japan puts forth demands but offers no reciprocity.

Claims on Indo-China

In the case of French Indo-China, the Japanese made it perfectly clear that they desired far more than the mere interruption of the colony's Free China transit. In reality, they wanted nothing short of a first mortgage on the colony's own rich resources; they wanted France to cede to Japan first rights on the colony's exploitation. French Indo-China has to offer Japan in large quantities three major commodities, *viz.*, rice, rubber, and anthracite coal, beside smaller volumes of important non-ferrous metal ores such as tin, antimony and tungsten. All these goods are badly needed in the Island Empire, specially so far as they might be obtained without cash expenditure in foreign exchange, which the Japanese equally lack. Lower Tongking, already penetrated by Japanese fighting forces and "special missions," has to yield to Japan the famous Hongay anthracites only. The non-ferrous metal deposits are in Upper Tongking and Laos outside the zone of immediate Japanese influence, while the colony's huge rice and rubber surpluses are produced far in the South in Cochin-China and, to lesser extent, Cambodia.

The Japanese at present are attempting to force the Hanoi Government to place at their disposal, beside the coal which already is in their sphere of power, the colony's other surplus products. Tokyo papers talk of an intended Japanese purchase of the whole rubber crop of Indo-China. Japanese agriculturists significantly emphasize the fact that the colony's rice surplus would be sufficient to cover the whole Nipponese import demand in this all-important staple food article. The metal industries of Japan openly profess an eager desire of "developing" Indo-China metal deposits. Japan, of course, neither has the exchange to pay for Indo-China rice and rubber, nor any free capital funds to invest in Indo-China mining. The beauty of the Japanese Indo-China proposals is that cash market articles are wanted on credit, and mining rights in already working properties on an unpaid-partnership basis of China fashion. Economically and financially ridiculous as these "proposals" are, the Hanoi Government is compelled to take them seriously because they are backed by the threat of military and naval coercion.

French Stalling Tactics

Hanoi is attempting to stall and to gain time. While unable to refute outright the Japanese demands, the French Indo-China Government is delaying and obstructing over questions of detail the execution of the Japanese requests. The French economic mission presently negotiating at Tokyo postponed its departure for a long time, waiting for the arrival of some of its members from Vichy. France agreed to grant French Indo-China Customs autonomy in order to enable the colony to give Japan special trade advantages under a new economic treaty, but that automony will terminate on November 1, 1941, only. The French do not turn down the Japanese credit request, but insist on working out a definite schedule of Japanese payment in kind through deliveries of industrial articles of consumption. The French are past masters in this sort of "negotiation" and already have managed to put off for almost half a year the day of final economic reckoning with Japan. However, recently they had to begin shipping rice and rubber to Japan on credit, though provisionally and in limited quantities only; they had to grant the Japanese new bauxite mining rights in the Laokai region near the Chinese border; and any day they may be confronted with another Japanese ultimatum cutting short all negotiation. Current relations between Berlin and Vichy, as well as between Tokyo and Berlin, of course, have an important bearing upon the matter.

The Netherlands Indies were in a position to take a stronger stand in face of the Japanese economic requests. As a fighting ally of Britain, and with additional American backing, they were able to protest formally semi-official Japanese announcements to the effect that the Netherlands Indies were considered included within the sphere of Japanese "special interests." The Japanese Minister of Commerce and Industry, during a stay of several weeks in Batavia, found out that N.E.I. was far from capitulating to Japan though willing to discount the present situation by granting Tokyo some special favors. In the recent agreement by oil companies operating in the N.E.I. with Japan, the latter secured almost twice the amount of oil and oil products she had been getting previously. The Netherlands Indies, in 1941, will cede to Japan roughly one-quarter of its mineral oil output, i.e. a quantity sufficient to cover about half of Japan's present import demand in this particular field. A further important N.E.I. concession is to the effect that Japan will obtain the additional oil largely on credit terms which remain to be worked out.

Further Demands Seen

The new Japanese envoy to the Netherlands Indies proposes to negotiate not only on the form of Japanese payment for N.E.I. oil, a question naturally little interesting the Japanese, but to demand yet further N.E.I. economic favors for Japan. Tin from Bangka and Biliton has special attractions for Japan. In Borneo, where the Sumitomo interests late in 1940 revived a 4000-acre rubber plantation, other Japanese interests also have suddenly professed an eager desire for direct cultivation of tropical produce for Japan. Another economic project, and one whose ultimate military and naval designs are all too obvious, envisages the establishment in half a dozen of N.E.I. islands of dozens of new Japanese fishing bases, to be equipped with "canning" plants, permanent fuel supplies, and Japanese fishermen as well as shore laborers.

In French Indo-China as well as the Netherlands Indies the Japanese clearly propose to create a series of little Davaos, of Philippine notoriety, calculated to form small cells of Nipponese economic Fifth Column work, and suited as first footholds in the event of ultimate open invasion of these countries. In these colonial countries, the Japanese hope to mobilize the natives against their European rulers.

In Thailand, Japanese ambitions cannot yet go as far as that because at least one-quarter of that country's population is purely Chinese and consciously anti-Japanese. Yet in Thailand the Japanese are exploiting the nationalist aspirations of the Bangkok Government and are obtaining in return for diplomatic favors, instead of military threats and pressure, economic advantages which ultimately might be turned into political and military footholds, too. From Thailand, the Japanese get considerable quantities of rice and rubber and try to get still more. The Thailand Government already during the 1939-40 rice year consented to barter with Japan, and to take in payment of rice two antiquated Japanese submarines, beside Japan-made industrial goods. Various new Japanese plantation and mining projects in Thailand also were reported recently in the Japanese press. Thailand is more than ever one of the Asiatic danger spots; should Japan manage to overpower all French Indo-China, she will make herself the neighbor of Thailand and be in a position to work openly at Bangkok her all too well-known "protection" racket.

S. M. C. Grants Another Increase

The Shanghai Municipal Council last week regretted that owing to inflation and the exchange situation, it had been made necessary to ask the ratepayers of Shanghai to approve a 40 per cent surcharge on their taxes in order to meet S.M.C. salary increases and high cost of living allowances which, in the case of their poorer paid employees amounted to 150 per cent.

On December 28, the Shanghai Municipal Council announced a new scale of fares—the first since 1937, and they "felt it was justified"—for ricsha coolies. The fares these people will be legally permitted to demand as from They will be permitted to ask 90 cents for an hour's January 1, 1941, in the estimation of the Shanghai Municipal Council, is 50 per cent. higher than it was in 1937. pulling, 15 cents for a mile. This is generosity indeed, and no doubts the ricsha pullers will be duly grateful.

Nichi Nichi Bids Farewell to Japanese Letters in Diplomacy

It is a strange quirk of fate that the *Nichi Nichi*, Tokyo newspaper founded on the *sen* of students, should be the first to sound the death knell of what remains of Japan's one-time ruling intelligentsia. This newspaper, once regarded as the voice of Nippon culture, on December 28 reported almost casually in its columns the intention of Mr. Yosuke Matsuoka, the Foreign Minister, to carry into the diplomatic service the purge policy initiated last week in the Japanese cabinet by Premier Prince Konoye. Mr. Matsuoka, the Nichi Nichi reported, stifled the voices of four intelligent consciences born of the true Japanese tradition as it is taught by the Imperial University of Japan. Names and posts were withheld.

Appeals to Nation

From Time

Emperor Hirohota, of Japan, appealed to his subjects for national unity when he formally convoked the Imperial Diet last week.

It is a pity that Mr. Matsuoka should have placed so much stock in western ways and customs that he was impelled to reduce the representatives of the Japanese Imperial University to the sole, unexplained exception of Mr. Mamoru Shigemitsu, Ambassador to London. The Imperial University of Japan has produced some of Japan's greatest statemen as well as diplomats; it now seems that those who remain are to be sacrificed to the "new structure," of which Mr. Matsuoka is a prominent advocate. Dismissing a story which would have raised Cain in any other country in the world, the Nichi Nichi remarked: "Foreign Minister Matsuoka was not educated in that (Imperial) University, having studied in America. But he has not necessarily excluded men graduated from the Imperial University. For a fact, the number who have passed the qualifying examinations for the diplomatic services this year are graduates from that institution."

How World's Cartoonists Saw 1940 Out

"Comedie"

Wilmington News

"Petain Asked For Peace"

New York Times

Petain?

Manchester Dispatch

Mussolini's Dream

New York Times

One Emperor Returns

Detroit News

"Look, Better Game"

Washington Post

For Home Consumption

Milwaukee Journal

Brenner Pass

Memphis Appeal

"Scram!"

Los Angeles Times

China Said Preparing General Offensive During Coming Year; Military Spokesman's Confidence Supported By U.S. Observer

The last chapter of the China War in 1940 concluded last week with the Chinese announcing preparations for a counter-offensive against the Japanese in 1941 on the one hand, and the Japanese starting new maneuvers following their naval blockade of southwestern Kwangtung on the other hand.

The statement that this year might witness a mighty Chinese counter-offensive was made by a Chinese military spokesman at the weekly press conference in Chungking on December 26. Chinese forces, he said, of trained and experienced troops—over 3,000,000 regulars and over 1,000,000 guerillas—all well-equipped from China's own arms factories, ready for a drive. China's armament industry, as a result of intensive extension and improvement, was progressing rapidly although the Army still lacked heavy armament and aircraft.

Closely coinciding with the views of the Chinese military spokesman was the opinion expressed by Captain M. R. Krammerer, a member of the United States Army General Staff School and editor of the "Quarterly Military Review," who, in one of his current articles, stated that China was much stronger now than in 1937 when the conflict with Japan started, while Japan's position has been "materially weakened."

The Chinese, continued Capt. Krammerer, were in a position to carry on an offensive, but the "guerillas were apparently just as effective as parachute troops." Commenting on third Power assistance, Capt. Krammerer said that outside aid coupled with the British reopening of the Burma Road stiffened Chinese morale to the extent that the Chinese "appear willing and able to carry on, while certainly the Japanese offensive has bogged down."

The outcome of the China war, according to the Captain, might be decided by the results of the European war, but that the Japanese, meanwhile, were "unable to impose their will on the enemy and may have to be content with trying to protect what they have gained."

The extension of the Japanese blockade to the southwestern Kwangtung coast was first announced on December 23 by Vice-Admiral Shiegetaro Shimada, Commander-in-Chief of the Japanese China Seas Fleet. Specified as included in the Japanese blockade were:—

1. Hailing harbor and the neighboring Leep Bay area bounded by a line connecting Taioa Point, Nampang Island, and Songyuitaui.
2. Suitung and Tienpak harbors and their vicinity, bounded by a line connecting Sieho Point, Taifungkoh and Ankangshan.
3. Lungmun and Pakhoi harbors and neighboring waters bounded by a line connecting Kwantau Point and Cape Paklung.

Blockaded Area Bombed

The reason behind the latest blockade action, it was made obvious, was again due to "military necessity" Chungking, as alleged by the Japanese authorities, attached great importance to the flow of supplies through these areas, which was increasing to such an extent as to necessitate immediate naval operations. All these blockaded areas, claimed the Japanese reports, have been subjected to severe Japanese naval and air attacks since the extension of the Japanese blockade on December 25. Japanese planes, during reconnaissance flights, bombed warehouses at Shuitung, Tinpak, Yeungkong, Fengtow and Kwonghoi, destroying war materials, Japanese sources further claimed.

The last two blockades as announced by the Japanese naval authorities within last year were the blockade of Hangchow Bay area on July 15 and its extension later to Fukien ports on August 10.

Aside from the new Japanese blockade of the Southwestern Kwangtung coast, other China fronts were marked by insignificant fighting and sporadic Japanese bombings activities. Chinese forces were particularly active in harrassing the Japanese communication lines. The Paikweichen Tsincheng Highway in Shansi Province was largely over-run by Chinese guerillas.

The war in Shansi Province was believed to have turned into a stalemate, with reports from both sides claiming successful attacks launched against the other. Chungtiaoshan Sector, southern Shansi, was the main scene of sanguinary fighting. An early report from Loyang stated that a Japanese detachment from Kungling, in the Tsinchen Sector, southeastern Shansi, assailed guerilla positions at Fengtowtsun and Honglingshang, on December 22. Another force of 10,000 Japanese, driving southwards from the Changtien-Maotsingtu Highway, was reported to have attacked the Chinese positions north of Maotsingtu, on the northern bank of the Yellow River. In both cases, Chinese sources claimed the enemy was successfully repulsed by Chinese batteries after a savage struggle. Meanwhile, Chinese and Japanese troops were also locked in battle at Nankiaotsun and Kientungtsun.

Battle in Severe Cold

Despite severe cold, Chinese troops managed to show gallant fighting spirit in launching a furious attack on the Japanese positions at Tsinchen, southeastern Shansi, on December 25. After bloody fighting, the guerillas forced their way into the town through the northern gate but withdrew subsequently upon the arrival of Japanese reinforcements. The Japanese garrisons at Yuhsien and Yuki, eastern Shansi, and Wensi and Siahsien, south-western Shansi, were also subjected to frequent guerilla raids, according to **Kuo Min** report from Loyang.

Kinhwa, provisional seat of the Chekiang Provincial Government, was bombed by 12 Japanese airplanes on December 28. A number of bombs were reported to have dropped on the outskirts, destroying more than 100 houses, but few casualties were caused. Another squadron of Japanese aircraft were claimed to have bombed Kwangsin, located on the Chekiang-Kiangsi Railway, and Kwanyinkiao, 14 kilometers southeast of Tungling, below Anking, on December 27, claiming to have destroyed Chinese military establishment's around these districts. Loping, south of Chingtehchen on the east bank of Lake Poyang, was another victim of Japanese air attacks.

A **United Press** report from Hongkong stated that a recent raid staged over Kueichung in the Mirs Bay district, eight miles from the British colonial border, by Japanese planes on December 23 resulted in the killing of a Swiss missionary, his wife and a Chinese cook. The deceased missionary, and his wife, Mr. and Mrs. F. W. Meyerholt, came to China from Basle, Switzerland many years ago. The bodies were finally found by a Chinese pastor, who recently returned from a preaching tour to find the mission a shambles form eight bomb hits. The pastor's wife, it was learned, was also injured during the bombing.

Northern Japanese Arrive in Shanghai

Fur-clad Japanese soldiers in small groups, but numbering several hundreds all told were seen wandering in Hongkew, Shanghai, on December 30, while truckloads of wounded and bedraggled khaki-clad men likewise were seen. No official confirmation of the destination of the former could be obtained, nor was it known whether they came from Manchukuo or northern China. Movements to Indo-China also were viled in secrecy, states a report in the **North China Daily News.**

LOCAL LAWYERS DEFY NANKING

Confronted with the choice of repudiating loyalty to the Chungking regime or being curtailed from legal practice locally, Chinese lawyers in Shanghai this past week have been fighting the order to register with the Nanking Ministry of Justice, following the "transfer" of the French Concession courts to the puppet authorities.

Lawyers who already have joined the Wang Government jurisdiction have been dropped officially from the directory of the Chungking Ministry, and include such members as Hsu Chen, Shen Hanchang, Kuo Fen, Shu Sheng-min, Ku Ju-wen, Li Wei-pin, Sun Yao-ting, and Liu Tao-kuei.

Formerly among recalcitrant lawyers who concented to appear before the Concession District court as new regime adherents were Chao Kwung, Sung Chih, Hsu Chung, Chi Chow, Yao I-ping, Hu Yuan-tsing, Shen Yung-hwa, and Hsu Ching-fu. These men have likewise received official cancellation by the Chungking Ministry. Warrants have been issued by the same government for the arrest of three of the lawyers, Hsu Wu-fong, Chen Hai-sung, and Mah Ping-shun, who were employed by the French Municipal Police to take the posts of four Prosecutors who resigned after the "transfer" to Nanking jurisdiction.

Tension over the effect the new regime would have on court sessions was demonstrated on Saturday when, during a case involving the **Sing Shun Pao,** pro-Japanese newspaper, a Japanese in plain clothes to jumped up and deliver a harangue in Japanese. The paper was being sued by the proprietor of an exchange shop, who told the court that the paper forced him to stock issues against his will. In a fight over whether he should pay the bill or not, the proprietor was subjected to an attack, he claimed. After the disturbance in court the case was adjourned pending further investigation.

Hoping to quell further misunderstandings with members of the Shanghai bar association, the Nanking regime has proposed to establish another organization. Many lawyers have stated their determination to change their profession rather than submit. The **Central China Daily News** reported on December 30 that a committee had convened under the Shanghai Second Special District Court, with all quarters "participating". The report stated that it was unanimously decided to appoint a group to consider "adoption" of the present Chinese Bar Association.

Crew of Nazi Raider Reported to Have Taken Norwegian Tanker to Kobe, Exchanged Cargo

Long current in China coast shipping circles, rumors that a Nazi raider operating in the Pacific was receiving co-operation in Japan were strongly substantiated if not actually confirmed, by a most reliable source in Shanghai last week.

According to this source, a "prize crew" from a Nazi raider, believed to be the vessel which shelled the Australian mandated Nauru Island, in the Gilbert Island group, last week, took a captured Norwegian tanker into Kobe about a month ago. There the Germans transferred the Norwegian crew to the Nazi merchantman Scharnhorst, sold half the tanker's cargo to certain Japanese in exchange for stores, and made off from the port under cover of night.

Aboard the captured Norwegian tanker, also, and likewise transferred to the Scharnhorst, was the crew from another Norwegian vessel, a freighter named the Talleyrand, which was sunk by the raider's guns "somewhere in the Pacific," a day before the tanker, the Ole Jacobs, was picked up.

Although no description of the raider which attacked the Ole Jacobs and Talleyrand has been made available, it waws learned that the vessel resembled one of the British Glen Line boats which was captured by the Germans at the outbreak of the war.

Crews Rescued

The two Norwegian crews, who passed through Shanghai recently in the Empress of Asia on their way to Singapore, were rescued from the Scharnhorst by a fortunate accident, it was revealed. Luckily for them, a short time after they had been imprisoned aboard the former German luxury liner, another Norwegian ship entered Kobe and a member of the crew idly scanning the Scharnhorst through binoculars was surprised to discover a Norwegian flag waved wildly through a port-hole.

The master of the Norwegian vessel immediately communicated with the Norwegian consular officials in Kobe and the latter formally required the Japanese authorities to carry out an inspection of the German ship. Upon the search being made, the two crews were discovered and immediately released.

The implications in this report were made the more serious by the statement of Australian Prime Minister Menzies on December 27 that the Nazi raider which shelled Nauru Island was flying the Japanese flag when the attack was carried qut. Strongly condemning the raider's action, the Australian Premier pointed out that the Island was totally undefended in accordance with the League of Nations mandate. The Gilbert Island group is directly south of the Japanese mandated Caroline and Marshall Islands. No confirmation of the report that the raider was bearing a Japanese name as well as a Japanese flag could be obtained.

Other Attacks Reported

According to a report appearing in the **Shanghai Evening Post and Mercury** on December 27, meanwhile, crews aboard British ships plying between Hongkong and India are now on a "wartime bonus" basis. This information was given the evening paper by an arrival from South China.

He declared that this action had followed the increasing attacks staged on British ships in the Indian Ocean by unknown raiders recently, including the sinking of more than 20 Norwegian vessels.

About 70 survivors from one of the Norwegian ships which had been sunk by the raider, it was stated, were picked up by a Japanese frerighter and brought to Hongkong. The survivors included 17 women and children who are now on their way to Norway via Siberia.

The British authorities in Hongkong were said by the **Post's** informant to be 'hushing up' reports on the attacks upon the British and Norwegian ships by the unknown raider, and had also denied that crews of ships were being maintained on a wartime bonus basis.

Hunt for Raider

The statement by Mr. Menzies in Australia on December 27 created a sensation in London and Washington, and indicating that a hunt was being organized for the craft, an announcement was made by the United States Navy Headquarters on December 28 that as from January 1 all vesels bound for ports in the Fiji Islands would be required to report first at Suva, capital of the group, for orders.

As official announcement of the German warship's activities in the Pacific brought the European war yet closer to the Far East, Sir Robert Brooke-Popham, Commander-in-Chief of British Forces in the Far East, significantly stressed the importance of Hongkong, in the course of a press conference in the Colony on December 27.

Any idea that Hongkong would fall in a few days or a few weeks in the event of an attack was entirely wrong, declared the British Commander-in-Chief. He further asserted that Hongkong was of permanent value to the British Empire and its garrison there had a definite part to play in operations in "this part of the world."

The **South China Morning Post** quoted Sir Robert as stating that British forces in the Far East were being reinforced, and that increase in strength in any part of his command would automatically strengthen other parts, even though indirectly.

Asked whether his appointment would lead to an increase in number of troops and the expansion of the Royal Air Force at present stationed at Hongkong, Sir Robert said that conditions of modern warfare had changed the concepepton of defence requirements.

Sir Robert said it was no longer a matter of defence in a small ring.

Radius of action and mobility of modern Royal Air Force squadrons was such that they could effect areas even at great distances from their bases.

Regarding the evacuation of Hongkong, Sir Robert declared that from a military point of view, the fewer the people who did not directly contribute to its defense, the better it would be for the Colony.

Australian View

Giving emphasis to U.S.-Australian co-operation in the Pacific, meanwhile, Mr. Perry Spender, Australian War Minister, declared in an interview at Singapore on December 27 that the European War had brought the two countries closer together, as shown in the recent exchange of ministers.

Mr. Spender, states **Domei**, declared that Australia considers Singapore vital as the link of Empire communications, stressing that Australia always stands with the Empire.

There had been and always would be complete understanding on this point, Mr. Spender points out.

He said Australia contributed greatly toward British Empire defense by assuring her own defense and by placing herself on a full war footing with minimum disturbance. Australia, besides, was enlisting 130,000 men for iverseas service, was providing 30,000 men for the Empire air scheme, and had laid the foundations of a home army of 200,000, he further points out. Mr. Spender stated that 150,000 would be engaged in munitions production by spring.

Singapore as U. S. Base

A proposal that the United States Navy should move to Singapore to effect a blockade of Japan was made by the influential Chinese daily, the Chungking **Ta Kung Pao**, in a leading article this morning.

The Chinese paper according to **Reuter**, declared: "If the U.S. Fleet want to be sure of victory they must proceed in the direction of Singapore via the South Pacific, establishing Singapore as their main base and using Manila and Hongkong as advance bases.

"Once the United States Fleet moves to Singapore Japan is doomed," the **Ta Kung Pao** asserted.

Nazis Said Seeking War in Pacific

That American defense circles in Manila believed the Nazis were attempting to carry the European war into the Pacific was revealed on December 23 in a **United Press** message from the Philippines capital.

Attention was being given by U. S. Naval authorities in Manila, the message stated, to reports that at least 12 Nazi raiders were being armed and provisioned in Japanese ports or Japanese-occupied ports in China. Several German ships operating from Japanese ports already were refuelling Nazi raiders in Australian and Indian waters, it was reported.

Referring to the reports unofficially, naval circles in Washington said it would be natural for Germany to attempt to transfer raider activities to the Pacific, where British commerce was particularly vulnerable. Officially, these circles declined to discuss the reports.

China Reporting to League on Opium

The Chinese Home Ministry on December 27 forwarded a lengthy report on Japanese narcotic traffic in Japanese-occupied areas in China to the Foreign Ministry winistry which will send the document to the League of Mations anti-narcotic commission. The report, according to **United Press** from Chungking, that the Japanese Army offered special privileges to opium addicts and added that the Japanese sold the drugs to Japanese-dominated Chinese officials who retailed them to addicts.

The average price of opium in Japanese-occupied China was $55 per ounce, the report said.

Hoarders Disgorge Following Execution Of Profiteers In Free China, But Shanghai's Hungry Still Starve

While progress towards a solution of the Shanghai rice situation has gone no further than talk of a "public granary" scheme and the yet unfulfilled promises of Mayor Chen Kung-pao to arrange for the entry monthly of a quantity of native rice, the practice of hoarding rice or any other foodstuff for the purpose of speculation in Free China has become highly unpopular since the execution on December 23 of Yang Chuan-yu, former mayor of Chengtu (*Review*, Dec. 28, 1940).

Prices of rice and wheat particularly have slumped sharply since the Chinese authorities were ordered to put into effect the death penalty decree issued by General Chiang Kai-shek against profiteering, the price of rice dropping by $20 a picul and wheat falling from $80 to $60 a picul. Prices of other commodities, states *Kuo Min's* Chungking office, have fallen likewise.

According to the same news agency, official action against profiteering is not being limited to the execution of ex-Mayor Yang. It was learned in Chungking on December 27 that at the request of General Chang Chung, Chairman of the Szechuan Provincial Government, the capital's municipal authorities had placed under arrest Mr. Kiang Tung, District Magistrate of Anhsien, western Szechuan, on charges of corruption and food profiteering.

Magistrate Kiang had been in Chungking for some days on official business, the charges of corruption and food profiteering were first brought against him a few days ago by a number of local civic organizations in Anhsien. The charges were made in a joint petition to the Szechuan Provincial Food Control Administration.

Bribery Alleged

Under the pretext of controlling the purchase and sale of foodstuffs, the petition alleged, Kiang accepted bribes and indulged in other corrupt practices.

The charges were subsequently substantiated by investigaitons conducted by the Szechuan Provincial Food Administration in conjunction with the Special Administrative Commissioner for the 13th Area.

Fu Tzu-ying, a Section Chief of the Anhsien District Government, also has been arrested for collusion with Magistrate Kiang in food profiteering.

Szechuan Relief Plan

The Executive Yuan has instructed the National Food Control Administration to purchase $50 millions' worth of rice from the various rice-producing provinces to relieve the food shortage in Szechuan, it was announced in Chungking on Dec. 26.

The Executive Yuan also instructed the Price Stabilization Purchase and Sales Bureau to purchase $20 millions' worth of articles of daily necessity, to be retailed in Szechuan at cost.

In order to relieve the food shortage in various parts of the country, the Ministry of Finance at Chungking on December 27 ordered the Customs authorities to exempt foreign rice from payment of Import Duty from November 1, 1940, to October 30, 1941.

Funds required for the purchase of foreign rice will be raised by rice merchants, but the foreign rice purchased must be sold to the public at prices fixed by the various Provincial Departments of Finance.

It will be recalled that the Ministry of Finance previously exempted foreign rice from payment of Customs Import Duty during the period of May to August this year.

Director Confident

That New Year would bring a greater abundance of foodstuffs and a decrease in prices was predicted at Chungking on December 24 by M. Lu Tso Fu, director of the National Food Administration, according to *Havas*.

The execution of Yang Chuan Yu, former Mayor of Chengtu, and the punishments meeted out to other speculators were expected to bring about a quick end to hoarding, he said.

Meanwhile, he continued, owing to measures adopted by the Government to encourage the production of foodstuffs, an increase of ten million piculs of millet, one of the staple food for peasants, over last year's crop was expected.

Szechuan Situation

The anomoly of the situation in Szechuan, where profiteering and want go hand in hand with abundance, was reviewed recently by Mr. Shen Tsung-han, deputy director of the National Agricultural Research Bureau, according to the China News and Views Digest. The agricultural expert believed that the food situation in Szechuan was due to hoarding and speculation rather than an actual shortage in production.

According to an estimate made by Mr. Shen, Szechuan produced annually 140,000,000 piculs of rice, 36,000,000 piculs of wheat, 28,000,000 piculs of corn, 52,000,000 piculs of sweet potatoes. The average annual consumption was 130,000,000 piculs of rice, 33,000,000 piculs of wheat, 29,000,000 piculs of corn, and 49,000,000 piculs of sweet potatoes. Thus, the province had in ordinary years an annual food surplus of 15,000,000 piculs.

The most important cereal in Szechuan was rice. It represented 63 per cent of the total provincial food consumption. According to Mr. Shen, the scarcity of rain in summer and autumn of 1936 resulted in a harvest which yielded 119,402,000 piculs, 20,000,000 piculs less than that of an ordinary year. The spring drought of 1937 was worse than that of 1936. A number of rice fields were left idle or devoted to other cereals. The production of rice in that year was only 57 per cent of the ordinary year. The two lean years created a near-famine in the province. Nevertheless, the price level of Szechuan rice remained more or less stable. In January, 1937, in Chungking rice cost $11.10 per picul, and in Chengtu $6.70. The Chungking price rose to $12.80 per picul in February while that of Chengtu remained unchanged. The price in Chungking dropped to $11.90 per picul in April when the Central Government began to ship Anhwei rice to Szechuan. When the Anhwei rice actually arrived, the market price dropped to such an extent that the government lost considerable money. This also indicated that the 1937 food problem was not entirely due to shortage of stocks but private hoarding.

Two Good Harvests

The migration of government offices and officials to Szechuan in the winter of 1937 did not create a rice shortage early in 1938. Actually, rice in Chungking in April, 1938, cost $9.90 per picul and in Chengtu $10.80. The rice hoarders had by then dumped their stocks on the market. The good harvest in 1938 brought the price down to $6.60 per picul in Chungking and $9.80 in Chengtu in October.

Another good harvest was reaped in Szechuan in 1939. However, with the general rise of cost of living, rice in Chungking in October of that year cost $11.40 per picul and in Chengtu $14.80. But in the villages, the price was lagging far behind. The farmers were suffering heavy losses. The situation was remedied by a gigantic buying program launched by the government to alleviate farmers' suffering and to build up a military food reserve.

However, this program started a stampede for the purchase of rice by private merchants and resulted in a rapid upswing. The trend affected the entire province. Rice cost $37.00 per picul in June, 1940, in Chungking and $23.00 in Chengtu. The price jumped to $57.00 in Chungking and $42.00 in Chengtu in August. The price rose to over $100.00 per picul in the two main cities, in some industrial and even in rice towns during October.

No Shortage of Stocks

This situation was not due to a shortage of stocks. Although 1940 experienced a spring drought, the rice harvest for the year was 88,616,000 piculs, 10,000,000 piculs more than the 1937 figure, which was the lowest in five years. According to an estimate made by a research fellow of the National Agricultural Research Bureau, Szechuan had a reserve stock of 40,000,000 piculs of rice by the end of August, enough to supply the province to the end of 1940. With this year's harvest, there will be enough till the end of September, 1941.

This estimate did not take into consideration the huge numbers of soldiers and workers sent out of the province to the front and other places. Excluding these people, there will be another margin of 10,000,000 piculs of rice. Therefore, Mr. Shen reasoned, the food situation in 1940 is actually better than that of early 1938.

The skyrocketing rice price of 1940 was due to other reasons. The 1940 cost of industrial plants like cotton, rape, peanuts, soy bean, and sesame rose to four or five times that of 1938, wages also rose to five or six times the 1938 standard. The cost of rice naturally followed in the upward trend. However, the sharp climb after August was mostly due to hoarding and speculation.

Idle capital was partly employed in these operations. But Mr. Shen believes that the dealers also share the blame by refusing to sell their stocks. About 72 per cent of Szechuan farmers are tenants who pay their rent in kind. Landlords get the major portion of the year's harvest in autumn. These gentry, who used to hoard opium before it was prohibited, now have turned their attention to rice. This universal hoarding, plus those undertaken by people of "special influence," created the present food situation.

Newspaper Bombed

The year drew to a close with a bomb attack on a newspaper—the first of such outrages for some time.

Fragments of a hand-grenade thrown at the *Ping Pao* on the night of December 30 narrowly missed Messrs. R. S. Heaney and H. R. Cleland (President of St. Andrew's Society), pieces of the bomb tearing through the car in which they were travelling. One fragment came through the roof of the car and hurled past Mr. Cleland's face, going out of a side window.

According to the *North-China Daily News*, Mr. Heaney said that had he and Mr. Cleland been leaning forward in their seats the fragments would have struck them. Seven Chinese were injured by other pieces of the bomb and one was detained at St. Luke's Hospital for treatment.

Japanese Openly Admit Plans to Exploit Indo-China as Border War Continues

Belated open admittance by Japanese officials of plans to expoit Indo-China, the evacuation of Americans from Thailand frontier regions, and leaflet bombings by the two warring factions were reported this week as French troops invaded Thai territory for the first time in what was otherwise but a continuation of scheduled reprisals.

In a **United Press** despatch, a high Japanese official was quoted as saying that as "Japanese affairs in Tonkin are settling down, we now are turning our interest southward." Other than the the persistant infiltration under cover of the timely border incidents, the official statement had reference to several recent important Japanese "diplomatic" victories.

Land surrounding the Haiphong air field was obtained and is being used to enlarge its capacity. Hanoi air field also has been modernized, and 5,000 tons of cement and 30,000 tons of bombs have been ordered, according to the same despatch. Meanwhile, a large number of Japanese officials have settled at Hanoi in private homes.

Plans were announced that exploitation would begin of the Laokay phosphate mines. One Japanese official returning from an inspection of the mines said that they would be able to obtain 500 tons of phosphate per year. Railroad facilities also were made available by transfer from the French, the account indicated.

American evacuation was advised on December 22 by Mr. Hugh Grant, United States Minister to Thailand. Missionaries stationed in the frontier area were asked to leave. The majority of women and children in the area are understood to have left already.

Thailand-Indo-China aerial missiles changed from bombs to leaflets on December 26, when two Thai Planes dumped bundles of them over Pakse. The next day French warplanes "retaliated" by dropping leaflets on Lakhon, across the border.

The French troop invasion took place on December 27, when, according to the **United Press**, artillery fire was poured across the border at Klon Louk, near Nakornphanom, and was followed by an advance into Thai territory. The invasion was repulsed after a mashine gun duel, it was reported. Five launches had crossed without casualty.

The invasion was seen as a possible retaliation for the capture by Thai troops of the French island of Bandanesangkhi, near Vientiane, in the Mokong river on December 21. After taking the island and raising their flag, **United Press** states, the Thai troops continued across the river to a French village but were repulsed.

Constricting economic effects on internal industry were seen this week in Indo-China as a result of bombings. Previously foreign trade and comunications had been brought to a standstill, and now a report from Hanoi indicates that the two largest tin mines developed by the French at Boneng, north of Thakhet, have had to all but cease activity.

Thai cannon and planes bombard the roads along the river border as soon as anything moves. Transportation of tin by river boats has also become impossibl. Frightened natives are refusing to work in the exposed mines.

Outspoken Japanese political and military ambitions southward received encouragement last week with new Japan-Thailand pacts being ratified, air base and railboad concessions extended in Indo-China and statements from high Nipponese officials that exploitation of Indo-China resources was to begin in earnest.

Meanwhile the border conflict filled the holiday season with a newsworthy invasion attempt by troops on both sides, a newp hase in the aerial war with leaflat bombings, and an official eva-

Thailand Repeats Demands on Hanoi

The Thai Government called a special Cabinet meeting on December 30 on the heels of official reiteration that Thailand is determined to regain the territories of Cambodia and Laos from French Indo-China.

The official publicity bureau, commenting on the demands, said Thailand would region the Laos and Cambodia territories "in view of the fact the French refuse to give us justice," and refused Thailand's earlier requests.

Business Thrives Along the Burma Road

Upper left—A stock of precious gasoline "somewhere" along the Burma Road.

Upper right—Hundreds of trucks, yet more are needed.

Lower left—Assembling a new plane somewhere along the Burma Road. Owing to Japanese bombing of airdromes, the Chinese now assemble the new planes in the forest where they are completely invisible to paying eyes from above.

Pictures by Thomas Kwang

Removing Rails To Block Japanese Southwest Drive

If the Japanese attempt to invade Yunnan from Indo-China they will have to walk, because the Chinese authorities have not only destroyed the chief bridge but have removed the rails on the Chinese, or Yunnan side, of the border. The pictures at the top show Chinese laborers, including many native tribesmen, removing the rails at Mahouang-Pao Station, which is just across the border. The picture at the left also shows that the Chinese are as adept in destroying a railway as they are in building one. Directly above is a rare picture showing the destruction of the important railway bridge across the kiang or Red River, which forms the border for a considerable distance between Yunnan and French Indo-China. The river here is about 100 yards wide. It was destroyed late in September, immediately after the Chinese learned that the French authorities in Yunnan had "sold out" to the Japanese.

cuation order for Americans in the war zone.

Articles of the Nippon-Thai pact announced on December 24 showed the extent of Japan's enclosure of her Southward intertests. The terms were as follows:—

1. The respect mutually each other's territorial integrity and reafirm peace and friendship existing between them.
2. To exchange information and consult one another n regard to any question of common interest that may arise.
3. In event of one of the contracting parties being attacked b ya Third Power or Third Powers, the other party undertakes not to give aid for assistance to the said power or powers.

At the same time, decrees rising out of the Tokio conference with the French Indo-China trade mission under M. Rene Robin, special envoy and former Governor-General indicated that commercial and industrial relations of that country will be subject the sweeping Japanese control and regulation.

Prince Saionyi's Son Succeeds to Nobility

Mr. Hachiro Saionji, son of Prince Kimmochi Saionji, who died on November 24, succeeded to the title of his late father, it was announced by *Domei* from Tokyo on December 28.

Simultaneously, the succession of Messrs. Nagatake Asano, Yoshitaka Inagaki and Yoshitsuru Yamana to titles of the late Marquis Nagayuki Asano, the late Viscount Nagamasa Inagaki, and the late Baron Yoshiro Yamana, respectively, were announced.

13 Die in Nippon Plane Crash During Test Hop

Thirteen died in an airplane tragedy on December 28 when a new plane of the Japan Airways Company, which took off from the Haneda air port on a test flight, crashed into the sea, four kilometers off Anegasaki, Chiba Prefecture, it was announced by the Aviation Bureau of the Japanese Ministry of Communications.

Aboard the plane on its experimental flight, reported *Domei*, were an inspection party of 10 officials, including eight members of the Aviation Bureau of the Japanese Communications Ministry and two Army officers, in addition to the pilot and two mechanics. All perished in the disaster.

Japanese Efforts to Secure Way Out of China Incident Branded by Generalissimo Chiang as Complete Failure

Premier Prince Konoye's efforts to seek a way out of the "China Incident" through the farce of the Wang-Abe treaty of Nanking, participation in the Tripartite Pact and introduction of the Japanese "new structure" were a complete failure, Generalissimo Chiang Kai-shek declared at a memorial service in Chungking on December 2, two days after the signing of the treaty. His address, details of which have not been published previously in Shanghai, was as follows:

"It is my intention today to make a simple report on the important features of the war situation during the past week, on the Japanese recognition of Wang wei's puppet regime, on the circumstances attending their conclusion of a so-called treaty with him, and on the possible future repercussions of these events.

"Starting from November 23, the Japanese by way of preparatory fanfare to precede their recognition of Wang Ching-wei, overhauled their manpower in all the war areas for the purpose of attempting an offensive on our positions in central and northern Hupeh. The attack was planned with the object of boosting their prestige and dissembling the vulgar and shameless nature of the Nanking transaction. The outcome, however, has been the Japanese forces' complete reverse at the hands of a stout defense in less than ten days. The casualties they have sustained exceed their losses in the previous campaign in western Hupeh. This is another substantial victory for our forces.

"Meanwhile on the day that the Japanese militarists recognized the Wang regime, President Roosevelt pointedly made a simultaneous announcement of his government's intention to extend China a credit loan and a currency loan amounting to 100,000,000 American dollars. During the past eight months of the present year American loans to China total more than $150,000,000. Mr. Cordell Hull, Secretary of State, also made a solemn statement to the effect that the United States was absolutely determined not to recognize any puppet regime and to continue indefinitely to consider the present Central Government in Chungking as the only legally constituted Chinese Government. From Britain there has come an indication of a similar attitude. With Soviet Russia there has been no change in her consistent policy of support for Chinese resistance. These are the events at home and abroad of the last few days which demand the closest study in their relation to the war.

"Rehash of Secret Pact"

"Next to comment on the Japanese recognition of the Wang Ching-wei regime and their publication of the 'treaty' he and they have signed, I conceive this action as the perverse and outrageous product of the defeat of their recent peace offensive. The dummy treaty is tricked out with all sorts of features such as 'Fundamental Conditions,' 'Annexed Procol' and 'Understanding.' It simply consists of the parts the Japanese have seen fit to publish of the secret 'Wang-Japan' pact long ago exposed by Kao Tsung-wu and T'ao Hsi-sheng. Throughout its contents there is absolutely nothing novel to be found. This rehash of the exposed treaty is a scrap of paper representing the willingness of the puppets to be 'recognized' by Japan as the totally submissive slaves they are. As such it deserves scarcely passing notice. It will, however, become a part of the record of estrangement between the two countries. It will contribute to a prolongation of the evils of the war they are fighting; it will be remembered as a symbol of the mortal issue dividing the two nations.

"In this lies the tremendous crime of the Konoye Cabinet. Konoye is, in fact, as you all must know, the monumental criminal figure in the history of relations between China and Japan. On reference to the statement I made on December 26, 1938, in refutation of the Konoye statement and to my message addressed to the Army and People when the "secret pact" was revealed in January, you will find a full and clear account of the function of the puppets in the Japanese design to destroy China. You will also observe the fact that this comedy just enacted in Nanking is in no way anything fresh. It is merely the reappearance on the boards of a play already presented in the form of the traitorous secret treaty for the 'Adjustment of Relations between Japan and China' signed by Wang Ching-wei in December of last year and in the form of the inauguration of Nanking regime in March of this year.

"When Konoye became Prime Minister for the second time in July of this year his friends thought he must be determined during his term of office to bring the Sino-Japanese war to a conclusion. The war had started during his first Premiership and all his successors. Hiranuma, Abe and Yonai, had failed to stop it. With the European war in furious progress he imagined there was a good chance personally to wind up the horrors of war for which he was responsible. This was his general view and in the heads of his entire Cabinet this idea was no doubt present—the idea of at last seeing a satisfactory fulfilment of their aggressive dreams. At that time, however, I declared it my opinion that Konoye, no matter how high he might be rated by the politicians and people of Japan, would not prove able to override the militarists and free his country from the shackles of war.

"Moscow-Chungking Dance!"

Wang Ching-wei cartoonists continue attacks on the Soviet Union and Chungking Government, which allegedly is under Moscow influence. This cartoon, with an indecent suggestion appeared in a Nanking propaganda organ known as Eradication (Sho-Ching-Hua-Kan). It shows Madame Chiang Kai-shek dancing with Stalin, while Gen. Chiang carries a lantern labeled "Fight To the End."

China's Foreign Policy

Because this war came of wrongheaded and impulsive aggression of Japanese militarists, because it came of the evil seed sown by Konoye, with Konoye again in power, the militarists still in existence, there is obviously no possibility of an end of the war. At the time of the Lukouchiao Incident I gave an explicit definition of China's fundamental standpoint in foreign affairs. I held that if the Incident could not be settled amicably, a breaking point would be reached. I said: 'We desire peace, but we do not seek evasion of the issue; we prepare for war, but it is not our will it should be....To war with the warmaker is the inevitable means of acting up to the issue involved . . . . With hostilities in progress our weakness as a nation precludes any further chance of compromise .... Whether the Lukuochiao Incident involves us in a Sino-Japanese War, depends entirely on the attitude of the Japanese government; the answer to the question whether there is still hope of peace is to be sought in the actions of the Japanese military. Until the last moment before the final extinction of the hope of peace, we shall continue to desire a peaceful, diplomatic means of solving the Incident.' I followed these words with a statement of the four minimum Chinese requirements for a satisfactory solution of the Incident, adding a warning to Konoye in these terms: 'If you can take a detached and far-sighted view of the affairs of Far Eastern peoples, if it is not your wish to precipitate a final crisis between the two countries, if it is not your will to create imperishable hatred between them, then you will certainly do ill to turn a deaf ear to these four minimum requirements of ours.'

'We have been fighting for nearly three years and a half, and China's final victory is perceptibly drawing near. In retrospect, the Konoye Cabinet has been responsible for the present embarrassment of the Japanese. Towards the end of 1938 I attacked the Konoye statement in these terms: 'The efforts of the Japanese militarists to destroy China inevitably will bring about the destruction of Japan. During the past year and a half we have succeeded in establishing a foundation for national rebirth regardless of difficulties and fearless of danger. We pause to regret the fall of Japan, with her history of reformers' magnificent sacrifices, into the grip of the 'Junior Officers' group....., leading her to barbaric ruin.' This warning spoken two years ago in the light of present events was in no way mistaken, Konoye, despairing both of his design to annex China by force, and of his peace offensive has resorted to the **pisaller** of recognizing the puppet administration in an attempt to persuade the Japanese people to believe that a sort of conclusion to the Sino-Japanese war has been achieved.

Konoye's Three Mistakes

"Observation of the conduct of Kinoye's two cabinets makes clear their quality as puppets of the militarists, in which capacity they have committed all their inquities. Konoye made three mistakes during his first tenure of office. Firstly, he precipitated war between China and Japan with all the consequent loss loss of life and treasure to Japan; secondly, he made it his policy to strengthen the 'Anti-Comintern Agreement,' making an enemy of Soviet Russia in pursuance of his wild Continental Policy of aggression; Thirdly, he published his statement on the 'New Order for East Asia,' showing therein that his ambition was not limited to the destruction of China but extended to the expulsion of American and European influence from Asia.

"Konoye conceived Japanese domination over all Asia as a step to conquest of the world. These three moves form the most important elements in the fatal courses Japan is treading. Especially by the idea of the 'New Order of East Asia' did Konoye do his country deadly injury.

During his second period of Premiership Konoye also has committed three errors of particular note. The first was his introduction of the so-called "New Structure" into the politics of Japan. The second was bringing Japan into the Triple Alliance with Germany and Italy. The third was his recognition of Wang Ching-wei's puppet government together with his publication of a 'Joint Manifesto' subscribed to by Japan, 'Manchukuo,' and the puppet Chinese regime. In regard to his motives for these three moves I do hesitate to make this great distinction; when he was first Premier, his one object was to defeat China in the field, while now that he is again Premier his whole aim is to procure an end to the war in any way. Today he has no other thought but release from the bonds of his 'China Incident.'

Japanese Unrest

"You must be all aware that since the war began not only has public opinion in Japan shown itself boisterous and formless but the minds of the people have also been at a loss to understand the situation. As time goes on, and war seems endless, conflicting views multiply. Anti-war sentiment spreads further both at the front and in the rear. On the one hand the antagonism between the militarists and the people deepens and on the other hand divisions among the former themselves, groups for war and for peace, for biding time and for taking vigorious action, pro-Russian and anti-Russian, friendly to America and inimical to America, for southward expansion and against it—such are the loudly dissentient voices to be heard in the enemy camp. This was a state of affairs which Konoye tried to improve by his New Structure. In practice this hope of his must prove vain.

"We need consider only the motive of Japan for entering into the Tripartite Alliance, a motive undoubtedly different from those of the other signatories. I have not the slightest hesitation in saying that her aim was certainly not born of any love for her new allies; nor was it one of contributing anything to their cause. The idea was to borrow prestige from them and hold out the alliance as a threat to Soviet Russia, England and America, and to provide an obstacle to assistance for China from these nations. They hoped to find in the Alliance a chance of executing the southward expansion policy and of bringing the war to a conclusion. In fact, they have gained nothing by their unprincipled conduct.

Soviet Now Wooed

"With the non-aggression pact between Germany and Russia and the resulting virtual annulment of the Anti-Comintern Pact Japan suffered a diplomatic shock she had prepared for herself by her self-centered designs. She then executed a volte-face, turning from a policy of enmity towards Russia to one of search for grounds of diplomatic rapprochement. Simultaneously Japan strove to appease the United States and threaten Great Britain. The aim was still that of depriving China of assistance from Soviet Russia, Britain, and America as a necessary measure for the solution of the 'China Incident.' Entirely sensible to the nature of these transactions we have watched the complete failure of each device.

"Behind all the recent Japanese moves, the Triple Alliance with its threat to America, Britain and Soviet Russia, the 'Japan-Manchukuo-China Manifesto,' the signature of the treaty with Wang and recognition of him, there is the same unchanging Japanese tendency to work against Russia and at the same time pursue her traditional policy of aggression in China.

"The obvious purpose of the Triple Alliance was to make way for expansion to the south; yet she is still unwilling to give up her northward project. I leave it to your intelligence to decide whether it is likely Japan can simultaneously dominate Soviet Russia and menace America, expanding both to the north and south at once. The spectacle of Japan's diplomatic contortions is one of self-deception, dishonesty and faithlessness so unscrupulous that there can now surely be no country that trusts her or regards her as a worthy partner in alliance.

"Peace Offensive"

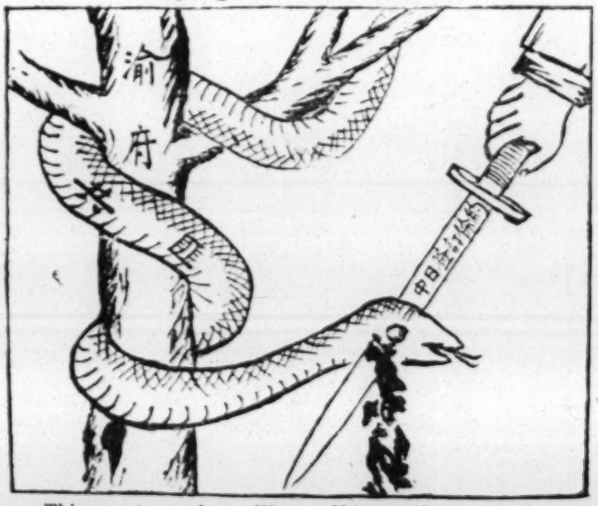
"The Japanese peace offensive has been a wierd and amazing affair indeed. First various peace rumors were circulated; then the pretence was that the Chinese Government refused peace proposals inclusive of a Japanese withdrawal, compelling Japan to resort to recognition of the Wang administration. I can however declare that the Chinese government has neither been aware of any of these imaginary peace proposals nor has it perceived the smallest hint of a sincere move on the part of Japan to abandon aggression and seek peace. In view, moreover, of the declaration made by the Konoye Cabinet in January, 1938 to the effect that Japan no longer recognized the Central Government as a possible participant in negotiations with her, our government and every citizen in the land will place no faith in reports of Japan seeking peace with our government, and we are even more sceptical of the ability of the Japanese militarists to impose peace.

"Finally the recognition of the Wang regime was conducted under the grandiose nomenclature of the 'Manifesto' the 'Imperial Government of Japan,' the 'Imperial Government of Manchukuo' and the 'Republican Government of China.' Beneath contempt as is the vulgar conduct of the Japanese, it is totally harmless so far as we are concerned. For three years and six months we have fought without thought of submission to the enemy's treats; we have sustained the national honor of China against his insolence and insults. Today we are as resolved as ever to resist to the end; but this is not all: we intend China shall issue from the war in all the splendor of a freedom and independence more real than she has previously known—a new San Min Chu I China. All that has come of this recognition of Wang on our side, therefore, has been stimulation of our national spirit and a clearer demonstration of the soundness of our national integrity, and of its inviolability in the face of Japanese trickery.

"On the other hand the damage done to Japanese national integrity and prestige by the actions of the Konoye Cabinet is of incalculable extent. The effect is to depress the reputation of Japan to the level of the slave governments created by her. The manifesto is not a manifesto of three countries, but it is a document proclaiming the formation of a tripartite puppet body and the confluence of two puppet streams represented by Wang and Konoye. For the 'Japan Manchukuo and China' of the Manifesto are conceived as having attained 'indivisible unity' and 'amalgamation' and all the other phrases to be found in the declaration on the "New Order in East Asia."

"The present Konoye Cabinet is given up to one great aim—the bringing to an

Slaying the Red Serpent



This cartoon from Wang Ching-wei's personal organ, Central China Daily News, shows the Communists, represented by a snake, being killed by the Japanese-Nanking Agreement. The tree is labeled, "Chungking Government."

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end in some way or other of the Sino-Japanese war. With that purpose in mind it devised the 'New Stucture' although it entailed breaking the spine of the national being built up over half a century—the destruction of the Constitution, and the dissolution of the parties. And it caused Japan's participation in the Tripartite Alliance although this has brought her enemies on all sides. The upshot of all the recent Japanese political and diplomatic activity has been failure to put an end to the war and deepening of the gulf between the two nations. Such is the final outcome of the crime of aggression committed by the Konoye Cabinet and the ultimate expression of Japan's military and political defeat. One of the clearest features of the situation is the way in which the Japanese Constitution as the depository of law and the spirit of institutions has been done away with. The utter destruction of the political, social, economic and even military basis of Japanese national life will inevitably follow.

"Fellow-countrymen, the decisive day for the defeat of the enemy's aggression has arrived: the day of the recognition of Wang's government. The Japanese and their puppets are climbing into a common grave. China owes the victory in sight to the efforts and sacrifices of her army and people throughout the past three years and a half; she sees its approach only accelerated by this paltry event. We have now to meet the final demands the last stages of the struggle make upon our strength and endurance."

More than 200 were killed when an express train from Keelung and a freight train from Takao crashed head on at Kyujo Station, five kilometers from Takao, southern Formosa, states a *Domei* message from Tainan under dateline of December 27.

The accident, attributed to an error made by a signalman, derailed three third-class passenger cars.

PHILIPPINES, HAWAII CABINET POST URGED

Proposals for the establishment by the United States Government of a saparate Cabinet post to deal with problems affecting the Philippines, Hawaii and Puerto Rico were revived in the U.S. last week, it was learned from a *United Press* message from Washington. The suggestion, raised before several previous administrations, was put forward by Senator Warren R. Austin, Vermont republican, *United Press* stated.

Senator Austin inserted in the Congressional Record an extensive correspondence between Mr. Nicholas Murray Butler, President of Columbia University, New York City with successive Presidents from Mr. William McKinley to Mr. Franklin D. Roosevelt, in which Mr. Butler requested such a post.

Senator Austin said Mr. Butler's views concerned a "problem of planning in advance a permanent or semi-permanent government in the outlying possessions."

"I have no doubt the problem will be pressing upon Congress before long," he said.

President Roosevelt, asked to comment on Mr. Butler's letters at his press conference, said he had no news of the matter at this time.

Observers believed that Senator Austin was picking up after his late colleague, Senator Ernest Gibson, Vermont Republican, who frequently introduced bills to create such a Cabinet post.

One influential administration figure recently sent a memorandum to Government leaders urging such action it was known.

President Roosevelt on December 20, 1938, sent a letter to Mr. Butler in which he said, The matter, I agree, is a matter of great importance: I assure you that I have been giving and shall continue to give it my earnest consideration.

Previous Opinion

"I note your plan would include the Philippines. This, I believe, should not be within the realm of consideration."

The President explained that, in view of the Independence Act "it would not, therefore, seem appropriate to include the Philippines in the study."

However, the Administration's view is said to have undergone many changes in the light of subsequent world developments.

Overseas Chinese to Have Anti-Opium Drive

Fresh efforts to eradicate the opium evil may be taken shortly by Chinese in Malaya, according to a recent message from Singapore. Plans may be discussed between the Chinese and Malayan Governments.

Following reports received by the Minister of the Interior at Chungking that many overseas Chinese were opium addicts, a plan submitted recently to the Executive Yuan.

Briefly, the recommendations urged the Chinese Foreign Office to communicate with the governments of countries where the opium evil was rife among the Chinese population, requesting steps to be taken in accordance with the decision to launch an anti-opium drive, taken at the International Labour Conference in 1936.

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NEW YORK BUFFALO LONDON

Opium Traffic Prospers in Nanking Under Protection "New Order;" Drug Sold Openly in City

That "the defeat of Chiang Kai-shek is a matter of months, and the fortunate Chinese people will have peace and prosperity under an entirely independent and spontaneous government," was being proclaimed from the Peace Gate of Peiping during the memorable month of December of three years ago, when that city was being organized under a new regime, and Nanking was being destroyed as a lesson to the old regime.

The reiterations and self-applause of such speeches seem finally to have exhausted even the speakers. Last week Army Press Chief Hayao Mabuchi admitted that Japan must recognize the seriousness of Chinese resistence, and and not be optimistic.

"The present China affair is complicated," he said, "so complicated that it cannot be comprehended thoroughly by mere common sense."

Regardless of the quality of Japanese common sense, Colonel Mabuchi indicated indirectly that the curtain finally has been rung down on Act I, and the scene is to be shifted southward. Hence at this point it may be well to turn again to the peaceful and prosperous emancipation announced three years ago and see what keeps the applause silent. Widely viewed facts make it apparent that it is not strictly the silence of heart-felt sympathy which followed Abraham Lincoln's Gettysburg Address of emancipation.

Prior to 1937, Nanking was being lauded locally and abroad for three great movements—a governmental effort towards the ideal of Pan-Asiatic peace, a moral stamping out of opium and drug evils, and a religious vitality organizing the country's youth.

It is the complete eradication of these movements under the "new order" which has silenced Nanking. Pan-Asiatic peace is admitted even by the New Order Press Chief now to be hopeless. The opium, gambling, and gangster squeeze spoils system was indirectly admitted by the same spokesman in a previous address. "Unless economic activities based on selfish motives are eliminated, it impossible for Japan to win the Chinese masses," he said.

Finally, the recent "nationalization" of churches in Japan, and the evacuation of missionaries from occupied areas tells of what has happened to the religious vitality which inspered the country's youth.

"New Order Peace"

The present conditions of "peace" in Nanking can be reviewed in a few words. With pill boxes every half mile along the city, railways continue to be mined. With three years of surrounding occupation, fighting still occurs within hearing-distance of the walls. And with Wang government soldiers newly outfitted and trained, squads of them repeatedly mutiny and escape to the hills to join the guerillas.

The only true peace a correspondent of the **Review** found in Nanking a week ago was the inevitable peace of the soil on which peasants have piled scattered bricks into huts, and where meager crops grow within walls that once girded a flourishing city.

From Peiping last week came an article by a correspondent of the **North China Daily News**, depicting that city similarly as "an island in a sea of unrest, with fighting, if perhaps on a minor scale, going on spasmodically in all directions." That observor went on to point out that even East Hopei, the former so-called "demilitarized zone", which was always considered pacified, in recent months has been completely overrun by guerillas whose raids now extend as far as towns on the Peiping-Mukden Railway.

The failure of the Japanese to create peaceful government seems to be based on the false assumption that conquered people can learn not to bite the hand that takes their food away.

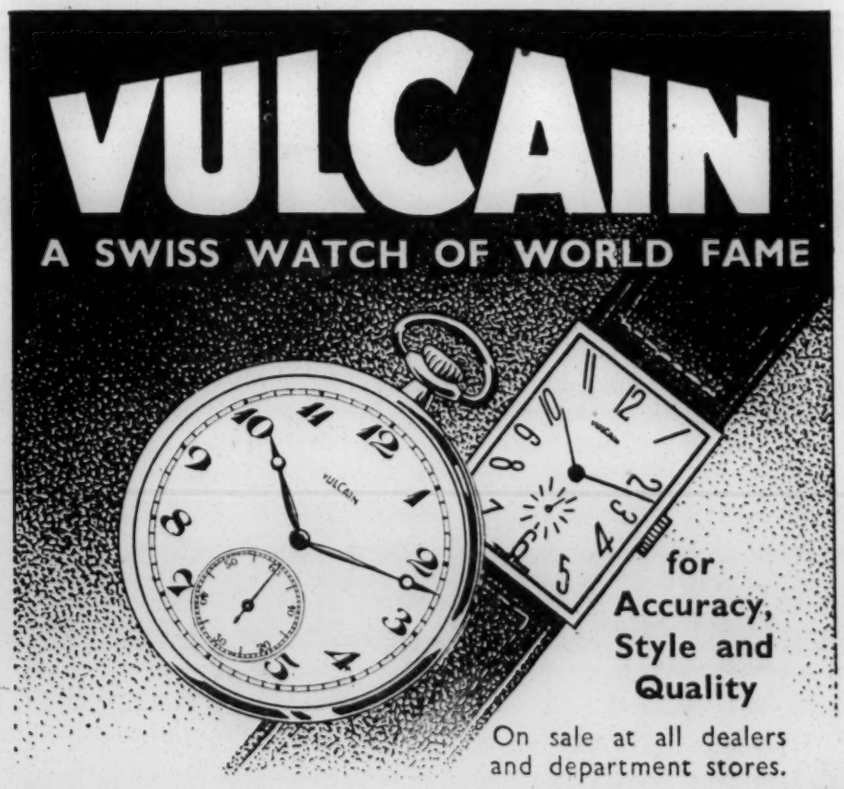
Less spectacular but more insidious evidence of "new order" prosperity in Nanking is the opium and gambling evil. Long a pernicious sore China was well on its way to curing, drug traffic by the Japanese has deliberately opened and re-infected it. The shattered entrance to the national Opium Suppression Headquarters building is all that stands left to mark the bitter battle waged by Gen. Chiang against drugs.

Information gathered from the last issue of the China Christian Year Book shows that cultivation of opium had been wiped out from large areas in East and Central China, along with a marked decline in general consumption. War had disastrously changed that picture, the article points out.

Drugs Advertised

"Open and convenient sale by government shops or liscensed dealers, supplemented by aggressive peddling of heroin, have generously provided supplies. In certain cases, attractive advertising or distribution as pay for services to the military also help to extend the use of narcotics."

The form of deliberate re-infection witnessed in Nanking is particularly mentionable as a counterpart to the manner in which the city fell into Japanese hands. Shop after shop today can be seen selling opium under the



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guise of dispensaries, with the "Wai Seng" signs which Chinese formerly had learned to respect as denoting health depots, still displayed. Within twenty miles of the capital, it was estimated by one official, 5,000 mow of poppies are being grown. It was also estimated that at least $5,000,000 monthly reaches the central treasury of the regime from taxes on opium in the Lower Yangtze Valley.

Widespread Corruption

The conditions in other areas, as shown by authoritative statistics, depicts an even worse spread of the drug. Peiping alone boasts 314 public opium establishments according to an official statement, and a full 600 exist according to a well known private resident mentioned in the Year Book formerly referred to. Hankow has 32 wholesale stores, 340 dens, and 120 hotels in the business. In Shansi, a city of 30,000 people, sales of heroin are estimated at $5,000 a day. And in districts of Canton, drug-selling shops outnumber rice shops three or four to one.

In cultivation areas where the Eight Route Army's death penalty for growing poppies stamped it out, puppet and Japanese authorities have announced a heavy fine for any destruction of new crops.

The cause for Christian education and organization of youth under Japanese domination for some time has been pending discouragement. In Japan proper, the nationalization order for all churches has put educators and missionaries alike under strict government control. Establishments in Nanking have found it practically impossible to re-organize their depleted groups. When the present evacuation is completed, there will be only a few more than a dozen left to represent a once flourishing staff.

Reasons for this have become international. But the **Revieww** correspondent last week saw churches which had found it necessary to board up front windows to counteract Japanese curiosity and thus carry on work for the few Chinese who may enter the back way. Meanwhile Chinese children fill the shambled streets, or some few attend new regime schools, where they are taught with "new order" text books to try and love their conquering brothers.

G. A. Jacobson, secretary of the Christian and Missionary Alliance, received a letter last week from a member of the mission, Miss Minie Hilty, telling of an attack by Japanese planes on a party of foreign missionaries, who were travelling to their posts in Shaokuan, Kwangtung province. The incident occurred on Nov. 30 when Japanese planes flew over the boats in which they were passengers and machinegunned the party. Two Catholic sisters and a priest had a narrow escape when bullets struck near them, but they were unharmed. The party reached Lungchuan on December 3 just in time to observe the bombing of the outskirts of that city resulting in the killing of eight men and wounding of a number of others. The letter from Miss Hilty stated that the Japanese planes continued their "dirty work" of bombing the town daily, their object being to prevent transit of goods through Lungchuan for the interior. The Japdestroying some oil and coal stores. anese repeated the raids at Shaokuan, A fire started by the planes burned the chapel of the English Methodist Mission at Shaokuan. The Rev. E. Torvaldson, stationed at Chengteh, telegraphed the mission headquarters that mission property at Chengteh also had been bombed, killing one person and wounding several others. Five houses belonging to the mission were wrecked.

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Death Takes No Holiday as Terrorists Run Amok Throughout Christmas Period

Death, in the form of assassinations, terrorism, and robbery shootings, took no holiday over the Christmas season as Shanghai underwent another violent crime wave.

Adding to the number of assassinations the previous week, in which M. Edouard d'Hooghe, legal adviser to the French Consulate-General and Municipal Council was killed in front of his home in the French Concession, gunmen shot Woo Hing-kee, believed to be a former guerilla worker, in front of the Grand Hotel last Saturday morning as he was leaving from a political interview.

Political motives also were seen in the death of an unidentified Chinese the previous Sunday, when assailants entered the room of a man registered at the Hotel Plaza as Mr. Chen, shot him down, and wounded a friend in the room.

Christmas morning was chosen for the political assassination attempt on Wu Tze-kong, reputed agent of the Nanking regime. Shot twice from ambush as he was celebrating the holiday, the young Chinese slumped to the pavement near the corner of Foochow and Yu Ya Ching roads at about 5 a.m., and was reported to be near death at the Lester Hospital.

The same day revenge was wreaked by the embittered son of a former patient on Dr. Wu Vi-chung, prominent Chinese doctor, in his own private hospital. The murderer, who gave the name of Yang Lung-son when arrested near the scene of the crime, was offered $2,000 to commit the crime by a youth obsessed with the idea that his father's death had been caused by the doctor, who had attended the man.

Another Puppet Wounded

Another Nanking official, Hwa Yung-chi, Wusih rice merchant but recently arrived in Shanghai, was shot on Saturday in front of the Grand Hotel. The merchant-official, understood to have interest in a tea shop on Nanking road, was near death from two gun woulds. Except in the case of the revenge murder of the doctor, none of the criminals was apprehended.

More Christmas Day deaths resulted from a gun battle in which gangsters killed a Chinese detective after one of their number had lost his life. Two detectives became suspicious of four Chinese near a lane off Connaught road. Just before entering the lane, the Chinese turned and fired. In the ensuing exchange, one gunman and one detective were killed, and a woman pedestrian and another Chinese were wounded The gangsters escaped.

What appeared to have been a premeditated death trap, but with motives unknown resulted in a Chinese husband and wife being seriously wounded by several armed men who made an appointment with them on Columbia Road and proceeded to shoot them down. The victims were seriously wounded, and little hope was given for their recovery.

Kidnapping was again causing concern in the French Settlement. A Chinese boy of 12, son of wealthy parents, was forced from a private rickshaw and driven off by armed men. More armed kidnappers made off with nine-year old Wang Jen-chang, son of the manager of the Hsin Hwa Bank. The boy was intercepted on his way to a primary school on Avenue Petain. No trace has been found of either of the victims or the kidnappers.

Japanese Murdered

In Nantao two days before Christmas a constable of the Japanese Consular Police, Mr. Satoshi Miyazaki, was murdered by three unidentified Chinese. The constable was passing an alley when he was set upon and slashed with a meat chopper. He died in the hospital with 15 wounds on his body.

Soochow Japanese Gendarmerie claimed last Saturday to have effected wholesale arrests of Chungking agents prior to an alleged attempt to blow up two "influential" local newspaper offices. The men were said to have confessed that Ku Wei, chief of the Investigation Council of Chungking, had ordered them to destroy the Soochow Hsin Pao and the Kiangnan Ji Pao, puppet papers supporting the "peace" movement.

The previous day in Soochow, Japanese arrested Chang Chin-ta, member of the Wuchin District Government, and accused him of being the murderer of Mr. Toraji Nagata, a "medicine vender," killed last year in Changchow.

Japan Said Planning Thailand Coup d'Etat

An alleged Japanese plan to stage a **coup d'etat** in Thailand, coincident with increased Japanese pressure in southern French Indo-China, was disclosed exclusively to the **United Press** by unimpeachable sources in Hongkong on December 29.

These sources disclosed that they intercepted a letter from Tokyo addressed to the Mitsui Bussan Kaisha agent in Bangkok which was alleged to have declared that four Japanese were on route to Bangkok under the guise of a goodwill mission.

The four men were said to be carrying personal instructions from Mr. Yosuke Matsuoka, Japanese Foreign Minister, to organize a pro-Japanese **coup d'etat** through the Thai army, to which Japan recently has been increasing military aid.

It is rumored by *Domei* that to cope with the increased terrorism, the Japanese Self-Vigilance Corps will make a "black list" of suspicious characters during the reorganization of Hongkew surveillance.

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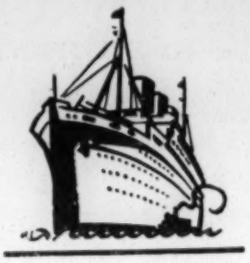

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Chengchow Continues to Win Laurels

Chengchow, Nov. 11. Though this ancient city has been attacked frequently by Japanese raiders from the air, it still stands proudly and is gradually winning its laurels in the first line of defense against the Japanese from the north bank of the Yellow River.

It is in the center of Honan province and commands Kaifeng in the east and Loyang in the west. The Peiping-Hankow and the Lunghai railway meet at Kaifeng, which was a commercial and communication center formerly, but has assumed military importance now.

In the early stage of the Sino-Japanese war the Chinese troops withdrew to this city from the north bank of Yellow River and the world-famous Yellow River bridge was blown up to prevent the Japanese from crossing. When Japanese forces took Kaifeng some two years ago, they prepared to attack Chengchow, and the situation in the city was critical. Thanks to the collapse of the river dyke and a flood, however, the city was saved from the hands of the Japanese.

Chengchow, faced by the enemy on three sides, today is almost isolated. Railways leading from its city wall to Loyang in the west and to Hsinyang in the north and highways leading into eastern Honan province have been destroyed.

Population Increases

Despite this, however, the population has increased from several thousands (prewar figure) to more than 70,000. Although the big buildings have been demolished by Japanese raiders, merchants are doing their business in new shop houses. Many small workshops are busy replacing the already demolished big factories. Locally made cigarettes, cloth, toilet articles and other necessities are not only sufficient to supply the needs of the immediate region, but are exported in quantities. Chengchow products are being shipped to Loyang, Sian, Lanchow and other border regions.

Chengchow citizens are patriotic. Japanese aeroplanes can reach the city within five minutes from the north bank of the Yellow River. The cost of living, however, is low, a picul (100 catties) of medium-grade rice being sold at $27.00, cooking vegetable oil at $0.6 a catty and eggs at four for ten cents. One catty of the delicious and famous Yellow River carp is sold at $0.6 a catty. Though the 1939 flood doubled the cost of living, a bounteous harvest in 1940 helped lower commodity prices.

Order Maintained

Credit for Loyang's prosperity—and safety—goes to the well-trained troops of Governor Wei Li-hwong, who has maintained good order in the province ever since he assumed his post 16 months ago.

At the time this city was on the brink of being invaded all newspapers were suspended, but now several Chinese dailies have resumed publication. Chengchow residents however, still lack of reading material.

In the city are the Wartime Service Corps of the Execuitve Yuan, the San Min Chu I Youth Corps, the Moslim Youth War Area Service corps, Women's War-Aid Association and the Children's Dramatic Club, the special task of which has been the mobilization of the masses and leading patriotic movements. Boy scouts and girl guides solicit funds for the wounded and dramatic performances are undertaken by the organizations to raise funds for the soldiers.

Many schools in Chengchow have been reopened and two new ones have established, but prices of text books are extremely high.

Free China Builds New Lifelines

If the strength of a nation depends first upon the pulse of its capital and second upon the extent of its arteries, railroad communications, then Free China has displayed evidence in the last few months that the fourth year of her resistance will be the most progressive in her history.

Hundreds of miles of railroad have been completed and are in daily use, many hundreds more are in progress, and roads have been extended between provinces that preiously never had more than canals or footpaths connecting them.

Communication authorities in Chungking announced last week that within the next year a new 500 mile railway will be completed which will make the final connection between the capital and the Pacific and Indian oceans. The road will run from Kunming through Yunnan, Kweichow and Szechuen provinces, and decisively speed up incoming and outgoing traffic between the interior and the outside world over the Burma Road.

The first 200 mile lap of the new railway, between Kunming and Hsuanwei, the famous ham producing center in northeast Yunnan, already has been opened to traffic. The district also includes rich coal and copper resources, and will eventually link them with the Yunnan-Burma railway and open traffic from Chungking to Rangoon.

Communication in the more northern provinces of Free China have been greatly facilitated by the completion of the Sienyang-Tungkwan section of the Lung-Hai railway, in Shensi. The section covers approximately a distance of 700 Kilometers, beginning from Sienyang, capital of Shensi, and passing through Kingyang, Sanyuan and Yaohsien, terminating at Tungkwan in northern Shensi.

As a counterpart to this activity, Japanese extension of railroad communication in occupied China has been rushed. A 150 mile section of track has been laid between the two trunk lines,—the Peiping-Hankow and Tientsin-Pukow lines,—in order to provide the Shansi province with its shortest access to the sea.

Long planned and long contested by former governments as to whether the line should connect the rich province with the Tientsin port or the Tsingtao port, the project finally decided the issue in favor of the latter. To enable freight to go direct from Shansi to the sea, the old French narrow-gauge track in that province has been changed.

This section of railway is the fifth that the Japanese have built in occupied territory. Others include the Peiping-Jehol Railway, which connects Peiping with Chengteh, capital of Jehol province, the Sinsiang-Kaifeng Railway in North Honan connecting the Peiping Hankow line direct with Kaifeng, and two other railways in Shansi connecting the capital with each border.

Plans announced by the Central China Railway Company, so-called joint Sino-Japanese concern, mention 1942 as a date for opening of a direct freight and passenger service from Peiping to Shanghai. The plans include construction of a 2,600 ton ferry boat to carry the trains between Nanking and Pukow.

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Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of The Review.

December 15

United States authorities believed that readjustment of Japanese-American relations was impossible, the official **Central Daily News** said in a dispatch from Hongkong, adding that the U. S. would take economic steps against the Japanese if Japan invaded areas affecting American security.

Nine Japanese heavy bombers attacked the Mekong bridge on the Burma Road but caused no damage to the bridge, Chinese reports declared. Japanese bombing planes were active over Kunming and other areas. Hengyang in southern Hunan was also bombed.

Chinese reports claimed that a so-called French Indo-China "independence Army," totaling more than 2,000 soldiers, had been discovered in South Kwangsi Provence.

Paving the way for enforcement of a daily rationing system of commodities, the Japanese Council on National Mobilization yesterday approved the draft of an Imperial ordinance empowering the Government to control production possession and distribution as well as consumption, transportation and sale of commodities necessary to the nation's daily life.

China's aviation fund campaign among overseas Chinese in America had reached US$6,000,000, stated the **China Evening News.**

Commenting on the rumoured $100,000,000 Soviet loan to Chungking, the "Asahi Shimbun," leading Japanese metropolitan vernacular, editorially said that though the rumored loan was still unconfirmed, such an agreement was quite likely.

Naval aircraft conducted large scale air-raids on the New Kungkuo Bridge situated on the Burma Road on Dec. 12, 14, and 15 and completely demolished the bridge, it was claimed by the Japanese.

⁂

December 16

An identical report appearing in all leading Chinese dailies in Shanghai appealed to all friendly powers for a complete embargo against Japan to ensure that the credits advanced to China might not fall into the hands of the Japanese through the purchase of foreign exchange.

Sino-Japanese friendship had been set back at least a century as a result of the present hostilities between the two nations, according to Mr. Tecichi Muto, famous Japanese commentator, in the **Hochi.**

The fundamental idea of Japan's new "national structure," according to Mr. Nobufumi Itch, head of the newly formed Cabinet Information Board and **ex officio** spokesman, was that the Government and people should solidly unite in service to the Throne, and should never confront each other in opposition. Reform of the administrative structure of Manchoukou, it was stated, would be undertaken on January 1.

M. E. d'Hooghe, legal adviser to the French Municipal Council in Shanghai, was assassinated yesterday evening outside his home.

Declaring China's foreign policy was threefold: firstly, it was not anti-foreign; secondly, it was against aggression, and thirdly, it stood for international equality, Dr. Wang Chung-hui, Chinese Foreign Minister, said he predicted that a Chinese victory over Japan would mark the end of extraterritoriality in China.

General Nobuyuki Abe, former Japanese special envoy to the Nanking Government, returned to Tokyo, accompanied by his suite.

⁂

December 17

Japan wished to acquire a military base in southern French Indo-China for use as a possible stepping stone for an assault on the Netherlands East Indies according to Japanese military officers, **United Press** reported from Hanoi.

Shanghai reports that the Premier, the Navy Minister and the Commerce and Industry Minister of the Japanese Cabinet had resigned were denied by Mr. Ko Ishii, deputy spokesman of the Cabinet Information Board.

Chinese official quarters in Chungking denied that the New Kungkuo Bridge had been demolished by the Japanese aircraft, although the Bridge had been attacked three times in the past five days. Japanese warplanes were active along the Burma Road, but reports of damage done were not available.

Japanese warships again shelled Chinghai, gateway to Ningpo.

⁂

December 18

Anti-Japanese leaflets attacking Japan for her aggressive policy in Indo-china made their apperance in Indo-China, the **United Press** confirmed.

Japanese aircraft attacked Kunming twice, Chungking reported.

⁂

December 19

The United States Ambassador to Japan, Mr. Joseph C. Grew, warned Japan that America was "interested in actions, not words" regarding Japan's peaceful intention. The warning was made during a speech before the America-Japan Society and followed a speech by Mr. Yosuke Matsuoka, Japanese Foreign Minister. Mr. Grew said that he was forced to relieve the Foreign Minister of the misapprehension that interests of Americans in China were "merely sentimental."

The American Red Cross announced that American relief to Chinese war victims yesterday reached US$1,000,000.

Chinese gunfire on Dec. 12 sank a Japanese warship on the Yangtse near Anking. **United Press** reports from Chungking claimed.

The Nanking regime announced the organization of the Federal Reserve Bank, with Mr. Chou Fo-hai, Minister of Finance, to be concurrently the Governor of the Central Reserve Bank, with Mr. Chien Ta-hui and Mr. Chien To-kuei as Vice-Governors. Mr. Chou declared that the bank would issue notes which "would be regarded as legal tender" and circulate provisionally at par with the existing notes issued by the Chungking Government.

⁂

December 20

The Tokyo War Office announced that a Japanese Military Mission headed by Lieut.-General Tomoyuki Yamashita,

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ta, Inspector-General of Army Aviation and concurrently Director-General of Military Aviation Headquarters would proceed soon to Italy and Germany via Siberia.

The Tokyo **Asahi Shimbun** stated that the appointment of Admiral Nomura as the Ambassador to Washington was nothing but Mr. Yosuke Matsuoka's last effort to improve relations between the two countries.

Washington political observers considered the remarks of Mr. Joseph C. Grew, U.S. Ambassador to Japan, and the Japanese Foreign Minister and the Ambassador to the U.S. at Tokyo yesterday as exceedingly forthright and therefore beneficial.

Factors behind the transfer of the New Fourth Army from the East War Zone (Kiangsu, Chekiang and Anhwei), to their new positions north of the Yellow River remained to be a military secret, while a leading article in the **Ta Kung Pao** urged political unity as well as a unified command of the Chinese armed forces. The Communist forces were understood to have asked for more time in which to make the required transfers.

Mr. P. E. Witham, British technical adviser to the China Tea Corporation, arrived in Chungking from Hongkong to confer with Sir Archibald Clark Kerr, the British Ambassador to China.

Japanese denied a Chinese allegation that Japanese aircraft had been sowing disease germs over Chungking during recent raids.

⁂

December 21

With a critical Diet session impending, Prince Fumimaro Konoye, Premier, began reshuffling his cabinet, eliminating members whom he considered too weak and who were not enthusiastic backers of the Government's program for the establishment of the widely-heralded "new national structure." He appointed Baron Kitchiro Hiranuma to succeed Mr. Eiji Yasui as Minister of Home Affairs and Lieut.-Gen. Heisuke Yanagawa to succeed Mr. Akira Kazami as Minister of Justice.

Most foreign observers in Tokyo believed that Japan's foreign policy, including plans for southward expansion, was still in a fluid state despite reiterated statements that this was "immutable." It was thought that the future development of Japan's policies would depend mostly upon U.S. moves.

The Central Reserve Bank under the Nanking regime was inaugurated this morning when Mr. Chou Fu-hai, Finance Minister and concurrently Governor of the Bank, Mr. Chien Ta-hui, vice-Governor, and directors of the Bank held their first meeting, discussing preliminary procedure for the opening of the bank, and its business policy. The Central Reserve Bank would open its head office at Nanking on January 6, it was stated.

The movement for the organization of a League of East Asiatic Nations, the leaders of which would be Japan, Manchoukuo and the Wang Ching-wei regime in China, had been gaining momentum daily since the conclusion of the Wang-Abe Fact in Nanking on November 30, Tokyo asserted.

The first session of the Second National Peoples' Council would be convened some time in February, 1941 according to a **Havas** report from Chungking.

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Who's Who in China

K'ang Hsuan-I, professor and councillor: born in An Yo, Szechwan, 1905; graduate of Peiping National University: Professor of political Science and History in National Chinan University,

K'ang Hauan-I
康 选 宜

National Labor University, Kwang Hwa University, Shanghai; Chairman of Shanghai Professors Federation, Shanghai; received advanced education in Japan, did research work in Tokyo Imperial University; now, Councillor of Municipal Council of Chungking and advisor to the 45th Army; author of "Treatise on Statemanship, Generalship and Citizenship," "An Outline of Diplomatic Science," and translations of several historical books. Address: P. O. Box 317, Chungking, Szechwan.

London Extends Credit Assistance To China

The Anglo-Chinese export credit guarantee agreement has been extended for an extra six months in order to make available the unused balance for China's purchases according to a special dispatch from the Lordon correspondent of the **Central News**, quoted by **Reuter** from Chungking.

The dispatch goes on to refer to that section of the new £10,000,000 British credit to China which concerns the Chinese currency stabilization fund. It is understood that the British and Chinese authorities are studying the necessary practical measure which must be taken to prevent Japan from taking advantage of any situation which may affect the Chinese currency. Steps were also being taken safeguard the currency from speculators.

Three-cornered negotiations were proceeding in Washington between Mr. T. V. Soong, Sir Frederick Phillips and the United States Treasury with a view to coordinating the joint Anglo-American measures to support the Chinese currency with their respective credits.

Discussion regarding details of the new British export credit would soon be initiated in London by the Chinese Ambassadror, Dr. Quo Tai-chi, and the Vice-Minister of Finance, Mr. P. W. Kuo, who were on Monday at present awaiting details regarding China's requirements to be forwarded from Chungking.

The question was being studied as to which countries in the sterling area were the most suitable for supplying those materials needed by China, from the point of view of output, cost, the proximity of transport facilities and other factors.

Men and Events

J. G. Schaberg, member of the staff of The Texas Company, has been transferred to Hongkong.

*

Henry Cosme, French Ambassador to China, who has been in Chungking for several weeks, departed from the Chinese capital for Hongkong on Saturday, Dec. 28.

*

Mrs. Ada Dent, aged 70-years, widow of the late Vyvyan Dent, of Shanghai, died at Birchwood, Horsell, Surrey, England, on Nov. 9, 1940.

*

Dr. Hsieh Hsun-chu, President of National Women's Normal College, located at Kiangtsing, Eastern Szechuen, presided at ceremonies on Dec. 28 when a number of new building were dedicated. The ceremonies were attended by a large number of Szechuen officials.

*

Fukien University and the National University of Amoy have been amalgamated, according to recent announcement of the Ministry of Education at Chungking. The combined schools are located at Changting, West Fukien province.

*

The Bureau of Immigration at Manila has deported two foreigners, Richard H. Kupsche, a German and Tamachi Takaichi, a Japanese. Both were said to have departed from the Philippines on Dec. 23 aboard the Mexico Maru, bound for Japan. Kupsche was said to have entered the Philippines illegally several years ago and Takaichi was accused of subversive activities in Davao, the Japanese "colony" in Mindanao. According to **United Press** Kupsche was investigated by U. S. officials for attempting to obtain naval information from U. S. sailors.

*

The Ministry of Education at Chungking has announced the early establishment of a Civic Educational Department, which will be headed by Ku Shu-sen, at present director of the Ordinary Education Department. The Ordinary Education Department will be reorganized into the Secondary Education Department, which will be headed by Hsu Hsin-wu.

*

A chimpanzee in the Tennoji Zoo in Osaka has petitioned the authorities to have his foreign name "Lloyd" changed to a Japanese name more in keeping with the "new order in Asia" and the "new structure" in Japan, according to an article in the **Nichi Nichi.** The director of the Zoo has heeded Lloyd's appeal and has advertised for suggestions, the only requirement being that the name be 100% Japanese. It appears that the chimpanzee created a commotion recently by suddenly appearing decked out in the new "people's uniforms" which ultra-patriots have recommended for each and every Japanese man, woman and child. The article in the Osaka paper said that Lloyd was proud of his good fortune in being in Japan, regards himself a native son, hence wants to discard his foreign name for a purely Japanese name in keeping with the trend of the times. The accompanying picture, reproduced from the Osaka paper, shows Lloyd, or rather "Yakichiro" wearing the new "national" headdress, designed for patriots.

Lloyd

Ling-ho Wang, former Chinese Consul-General at Manila, disappeared from the President Pierce on Dec. 28, while the ship was enroute from Hongkong to Manila. The President Pierce arrived at Manila late on the evening of Dec. 28 when the officers reported that Mr. Wang had attended a movie performance aboard the ship and had last been seen strolling on the deck. Mr. Wang was 60 years of age and after serving as Consul-General at Manila was appointed Minister to Spain.

*

Mrs. Lisovskava, who resides at No. 10 Hwai-Soon-Li, Cousins Road, Tientsin, has written to the headquarters of the American Red Cross, Washington, D. C., making inquiry regarding the whereabouts of her mother, Mrs. Olga A. Degitch. Mrs. Lisovskava, who is of Russian nationality, stated that her mother was employed in the office of the American Red Cross at Vladivostok in 1918-1919 and later went to Washington, D. C.

*

Doris Duke Cromwell has confirmed reports which have been in circulation for some time of her separation from James Henry Roberts Cromwell, former U. S. Ambassador to Canada and unsuccessful candidate for U. S. Senator from New Jersey. Mrs. Cromwell, the former Doris Duke, rated as the wealthiest woman in America, is the daughter of the late J. B. Duke, tobacco magnate, who organized the American Tobacco Company and the British-American Tobacco Company. The Cromwells came to Shanghai on their wedding trip, wrich was Mr. Cromwell's second trip to Shanghai as he also came here on his first honeymoon, his first wife being a daughter of the founder of Dodge Brothers Motor Car Company. She also was rated at the time as the wealthiest girl in America.

The population or Manchukuo has reached a total of 43,000,000, according to a report from Hsinking, stating the figures were based on a census taken in October, 1940. It was stated that the population in 1936 was 34,000,000.

*

Hoshio Mitsunaga, founder and president of **Nippon Dempo Tsushinsha,** Japan's government-controlled news agency, retired from the presidency of the organization at the annual general meeting in Tokyo on Dec. 27. He will continue as an adviser to the agency. His younger brother, Shinzo Mitsunaga, was appointed the second president. The elder Mitsunaga, who is 75-year-old, founded the Japanese **Dentsu** news agency 40 years ago and developed it into an international organization. The **Dentsu Agency** transferred its news department to **Domei** in June, 1936, thus paving the way for a single officially-controlled news service in Japan. Mr. Mitsunaga was made a member of the House of Peers several years ago in recognition of his work in the development news services in Japan.

*

Eugene Bueerk, a German resident of Milwaukee, was arrested by the U. S. Federal authorities on Dec. 28 on a charge of acting for the German Reich without complying with regulations requiring registration with the Department of State. E. J. Konelzer, Milwaukee District Attorney, said Bueerk had resided in the United States 15 years and for two years had belonged to the Nazi Party. He said that Bueerk had obtained information for the German Consulate-General and had led pro-Nazi meetings. The Government fixed his bail at US$15,000. Otto Baer, German Consul-General at Manila said that Bueerk had not been representing the German Government officially.

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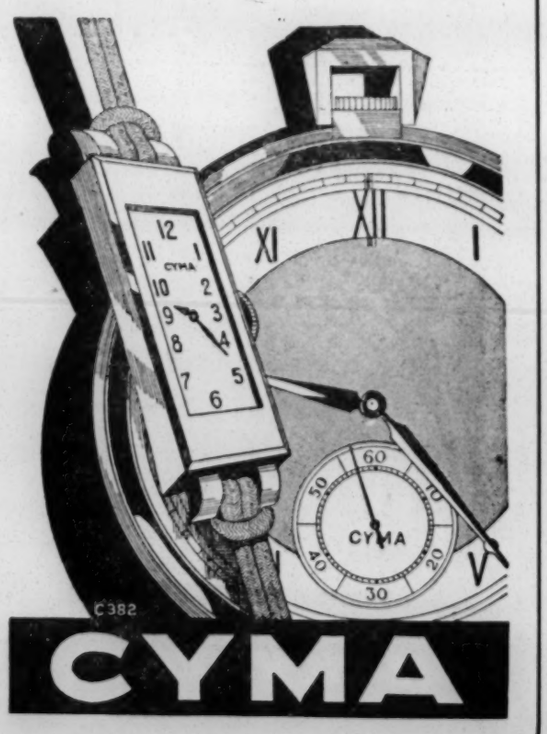

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Miss Tong Mei-li, daughter of Hollington K. Tong, Administrative Vice-Minister of Publicity at Chungking, was married on Dec. 26, at Kansas City, Missouri, to Chen Yih, son of Chen Ching-han, former editor of the **Shun Pao**, leading Chinese newspaper at Shanghai. Miss Tong and Mr. Chen are recent graduates of the School of Journalism of the University of Missouri. Following the church ceremony, a reception was given at the home of Warner Brown, former American resident of Shanghai, who is now engaged in the insurance business in Kansas City. Mr. Brown and Hollington K. Tong were former classmates at Park College, Missouri, where four of Mr. Tong's children, two boys and two girls, recently were graduated.

*

At the annual dinner of the Phi Beta Kappa Association of East China which was well attended recently, the following officers for the ensuing year were elected: Mr. C. P. Ling, President; Miss Margaret Frame, Vice-President and Rev. Charles L. Boynton, Secretary-Treasurer. Miss Fern Cavender and Mr. Edward Y. Hsu were also elected to serve on the Executive Committee.

A spokesman for the American President Lines in San Francisco on December 27 officially denied the Tokyo **Nichi Nichi** report that United States ships were planning to boycott calling at Japanese ports. He suggested that such a rumour arose from the new method of riuting American ships on the Oriental run. Under the new method, which will be enforced with the departure of the President Cleveland on January 4, President liners will go directly to Manila and then return to the United States via China and Japan, thus making a single call at each Japanese port each voyage instead of two as previously, he said.

*

A legal battle for possession of a ship and a cargo of scrap iron valued at US$64,000 ended in a victory for two Chinese seamen, who have stood guard over the ship and cargo for three years in San Francisco harbor, where the ship was anchored. The scooner, originally known as the Edna Christensen, and owned by a Chinese company, was bought by a Japanese in 1937, who sought to change the vessel's name. The Chinese Consul-General in San Francisco refused to clear the ship—which was loaded with scrap iron for Japan. The U. S. Supreme Court finally ruled that the Chinese Government could expropriate the ship, permitting its sale to another party, the other party being Sir Walter Carpenter, an Australian. Sir Walter announced that the ship would be used in South Seas and Pacific trade. It will be registered in Panama. The two Chinese sailors, Jue Tsi-chow and Wang Kee-fook, were the only remaining members of an original Chinese crew of 23, who refused to operate the ship after it became known that the destination was Japan.

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Tokyo Ministerial Squabble Erupts as Diet Meets Under In Fear Of Konoye's "Gestapo"

Convoked on December 24, the Japanese Imperial Diet went into recess four days later in an atmosphere strained by the eruption of a ministerial squabble and with nerves jangled by forebodings regarding Premier Prince Konoye's "Gestapo" setup following the Cabinet reorganization two weeks ago (Review, Dec. 28, 1940).

Shinsuke Kishi, Japanese Vice-Minister of Commerce and Industry, "decided" on December 24 to comply with his Chief's request to hand in his resignation, thus averting a threatened head-on collision between himself and Ichizo Kobayashi, Minister of Commerce and Industry, semi-official Japanese sources reveal.

Kishi evaded the issue on Friday by declining to see Kobayashi when the latter called on him, pleading illness, states *Reuter*.

The Minister confirmed to the Press that he had requested Kishi's resignation, but denied having called on the Vice-Minister on Friday to press the demand.

It was recalled that Kishi was re-assigned to the Ministry of Commerce and Industry from the Assistant Directorship of the Board of General Affairs of the Manchoukuo Government by Vice-Admiral Takuo Godo, when the latter served as Minister of Commerce and Industry in October of last year.

Kobayashi was head of the Japanese trade mission to Batavia which some two months ago was responsible for one of Japan's biggest diplomatic fiascos.

The seventy-sixth session of the Imperial Diet was convoked amid considerable popular misgivings over the obliteration of political parties and fears that freedom of speech might be curtailed under the "new national structure."

The session was the sixth for the 50-year-old Diet since the outbreak of the Sino-Japanese War in 1937.

The meeting was the first under the "new order" in which there are no political parties.

Owing to the tripartite alliance, the conclusion of which set the course for Japanese diplomacy, it was expected that whatever fireworks developed would be chiefly in the form of domestic issues, such as the Government's plan for tighter economic control.

Industrialists Oppose

Industrialists, according to a *United Press* message, have been bitterly opposing such a plan as socialistic—the industrialists' opposition was seen as an outstanding factor in forcing Prince Fumimaro Konoye, Premier, to bolster his Cabinet on Dec. 22 with such strong personalities as Baron Kiichiro Hiranuma as Minister of Home Affairs and Lieutenant-General Heisuke Yanagawa as Minister of Justice.

Both were considered leaders or rightist circles.

Another outstanding domestic issue included the Government's plan to revise the election laws, which would limit the franchise to heads of families who were more than 25 years old.

However, the law would allow exservice men to vote, regardless of whether or not they were heads of families.

The plan would disenfranchise 4,000,000 voters.

The Diet also would be asked to approve an unprecedentedly large budget, totaling 6,830,000,000 yen.

Noting the continued extension in scope of "unprecedented disturbance" in the world, Emperor Hirochito commanded his people to "unite as one to assist in the execution of our task" by devoting themselves loyally to the service of the nation.

Addressing the assembled members of both Houses of the Diet at the opening ceremony, the Emperor expressed gratification at "increasingly cordial relations between our Empire and Treaty Powers."

Among those listening to the Imperial rescript delivered personally by the Emperor in the Chamber of the House of Peers were Mr. Joseph C. Grew, United Stated Ambassador to Japan, Major-General Eugen Ott, German Ambassador, Sir Robert Craigie, British Ambassador, and Baron Mario Indelli, Italian Ambassador.

Former Leftist Quits

Closing a 12-year chapter as parliamentarian, Mr. Isoo Abe, "Father of Japanese Baseball," who has been active in the left-wing political movement for the last 30 years, resigned his Diet seat on Dec. 23.

Denying that he was opposed to the National Service movement, Mr. Abe pointed out that the proposed domestic New Order was based on planned economy which he had been advocating for many years.

The veteran Parliamentarian declared that he had resigned on December 23, without attending the opening ceremony of the Diet. He pointed out that if he attended the opening session he would have to receive the Diet member's stipend for the year. Mr. Abe, who headed the now dissolved Social Mass Party, was expelled from that group with eight others when a split occurred during the last session of the Diet.

The Chinese Government on Dec. 29 appointed Ko Chien-shih, Chairman of the Executive Committee of the Kiangsu Provincial Party Headquarters in succession to Ma Yuan-fang, who was kidnapped by agents of the puppet government in Nanking. Aside from Mr. Ko the Committee includes Niu Chien-chu, Miao Chi-ping, Chin Jen-chieh and Sun Chia-liang, all of whom have assumed office.

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New Books of Interest in the Far East

Shanghai and Tientsin

Foreign Interests at Shanghai and Tientsin; by F. C. Jones, published by the Institute of Pacific Relations, 1940.* This volume, as indicated by its title, presents a study of the growth and development of foreign-controlled areas in two major centers of China's commerce—Shanghai and Tientsin—as related to the problem of upholding foreign interests in the light of recent political events. The two independent studies of the two cities are preceded with an introduction by Harold M. Vinacke, which enhances the value of the book, presenting in itself an excellent survey of the main problems involved in Japan's promotion of "New Order in East Asia" from the foreign viewpoint. To quote Prof. Vinacke:

> "Contemporary Japanese policy has in it elements of threat not only to China, but equally to Western rights and interests and the Western position in China. Since this position and those interests are largely concentrated in the International Settlement and the French Concession at Shanghai and in the foreign concessions at Tientsin, the movement with much larger objectives and more significant implications than are presented in the local issues which have been raised. To grasp the implications of the present struggle it is necessary to envisage Shanghai and Tientsin, and the foreign areas therein, not as entities in themselves, but in relation to the entity China, and policy regarding them in relation to the entire complex of conflicting national policies."

Coming to the subject-matter of the two studies, one is bound to speak highly of the versatility of issues raised in connection with the main theme of discussion. Of necessity this leaves an imprint of superficiality on the whole book, but on the other hand the reader is given a broad view of a whole range of subjects connected with the question of foreign domination in the Far East.

Thus after outlining the status, origin and present conditions existing in the International Settlement, French Concession and Chinese Municipality in Shanghai, the author devotes an entire chapter to discussion of relations between the Shanghai City Government and the Shanghai Municipal Council, in which he touches upon the regulation of industrial conditions and the external roads area. The interest of the study concentrates mainly upon its central chapter, dealing with the position and aspirations of Japan in Shanghai, which is bound to arouse interest of every reader. In the following few chapters the Sino-Japanese hostilities of 1932 and the Sino-Japanese War of 1937 are briefly described, and the concluding part of the study, covering about one third of it, deals with the commercial and industrial position of Shanghai and the economic aspect of the Sino-Japanese conflict.

In the Tientsin section a fairly detailed account of the geographical and historical origin of foreign areas is offered, a special chapter being devoted to the question of Hai Ho Conservancy. But the main interest of this study lies in the description of the adverse influence of Sino-Japanese hostilities on Tientsin commerce, and the political and diplomatic situation in respect to Tientsin since July, 1937.

The Shanghai section includes four well-drawn maps and innumerable statistical tables. There is a comprehensive plan of Tientsin and an amount of statistical data attached also to the Tientsin section. On the whole the book fulfils its purpose of a fresh review of the history and present position of foreign interests in China and concludes with a well-compiled bibliographical index.

A. G.

*Editor's Note: The book, "Shanghai and Tientsin," by F. C. Jones, published by the Institute of Pacific Relations, may be obtained in Shanghai from Messrs. Kelly and Walsh. The same applies for other books issued by the Institute, which have been reviewed in these columns recently, such as "British Relations with China," by Irving S. Friedman, and "Japan's Emergence as a Modern State," by E. Herbert Norman (reviewed on Dec. 21). It is the desire of the directors of the Institute to obtain as wide a circulation as possible, hence the arrangement with Kelly and Walsh for distribution in Shanghai and outports.

Mr. Long Ho-wang, former Chinese Consul-General in the Philippines, disappeared on December 28 from the President Price while the liner was en route to Manila from Hongkong, according to the Manila Customs authorities.

Officers of the ship said Mr. Ling Ho-wang attended a movie performance aboard the ship the previous night and was last seen at 4 a.m. on December 28 strolling on deck.

Mr. Ling Ho-wang, who is 60 year old, became Chinese Minister to Spain after leaving the Philippines. He is well-known in Manila and was coming on business.

Gen. Wu Ten-chen Urges Sino-British Friendship

Chinese born in the Straits Settlements are fortunate in being British subjects and Chinese citizens at the same time, because "they are the link binding the friendly ties which have existed between China and Britain for so long."

So said Gen. Wu Teh-chen, Chinese Minister of Overseas Affairs, and former Mayor of Great Shanghai, in a speech in Singapore during his recent tour of Malaya.

Because of their dual nationality, he said, Straits-born Chinese had two responsibilities—loyalty to the land of their adoption and loyalty to China.

China's honor was at stake and her eventual honor or disgrace would be shared by every Chinese throughout the world.

General Wu urged closer relations between the Chinese and peoples of other races in Singapore. He particularly stressed the heed for closer Sino-British co-operation.

"So far as I have seen" he continued, "I am quite satisfied with the conditions under which the Chinese in Cingapore work and live. Even our European friends here say that the Chinese community is more progressive today then they were, say, five years ago."

Speaking of education for the Chinese in Singapore, he expressed gratification at the fact that the Chinese naional language was now being taught in English schools.

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Tokyo Paper Urges Stand on Fisheries

"Japan-Soviet relations are strange," the nationalistically-inspired **Kokumin Shimbun** declared on December 29 in an editorial on the fisheries question. "Late last year, the Soviet Union approached Japan with a strong diplomatic policy. The Abe Cabinet was too weak to meet the situation. The Togo-Molotov provisional fisheries agreement was concluded.

"This has been the most humiliating diplomacy on Japan's part since the conclusion of the Portsmouth Treaty. This year's terms are reported to be not necessarily better than last year's as far as the fisheries agreement is concerned. It is hardly therefore that a fundamental treaty will be concluded on better terms.

"However, we still are expecting better developments in the relations between the two countries in the future. Some people have allowed themselves to go to the point of extolling Japan-Soviet friendship on the hypothesis that the Tripartite Alliance might lead Japan, Germany and the Soviet Union to an eventual rapprochement. Now, Japan must give up the policy of flattering the Soviet Union, the same as it did toward Britain and America, Go ahead, Yosuke Matsuoka, on Japan's Imperial Way diplomacy. Free fishing is the last resort of Japan."

Commenting on then same subject, the Nazi-owned **Hochi** said: "If Japan intends to achieve a high degree of national defence and construct a sphere of mutual prosperity in East Asia, she must readjust her relations with the Soviet Union on a friendly basis and then concentrate on the readjustment of her internal structure, disposal of the China affair, and the southward drive.

"However, diplomatic negotiations with Soviet Russia should not be solely based on procedure. Our diplomacy must be based on total war diplomacy, arranging political, economic and military matters in one harmonious whole."

The **Hochi** concludes, states **Havas** by pointing out the importance of the fishery problem to Japan:

"Fishing Operations, in the Northern Seas bring to Japan a sum of about Y.150,000,000 per year. Before the outbreak of the China affair, Japan used to export canned red salmon worth about Y.30,000,000 every year to Great Britain, thereby contributing to acquisition of foreign currency.

This is What the Average American Is

The average American is 5 feet 8 inches tall, has an arm length of 32¾ inches, a leg length of 32 inches, a sitting height of 35¾ inches and his knees are located 2 inches above one-half of his total leg length. The figures were obtained after long investigation of government statistics on human proportions by officials of the Ford Motor Company, who wished to develop a pattern of the average man for use in designing automobiles. When the average proportions were developed, the Company's designers developed from cardboard a figure of the "average" American. The resulting model, known as "Johnny Q" has joints at shoulders, elbows, wrists, hips, knees and ankles and helps in the location of seats, foot pedal reach, leg room, knee clearance under the steering wheel and arm spread in reaching instrument panel, window and door controls. Data provided in this manner is incorporated in new designs for Ford, Mercury and Lincoln cars.

In the United States Court for China

IN RE: ESTATE OF BERT N. NELSON, Deceased.	Cause No. 4560 Spec. Proc. No. 2439 NOTICE Filed at Shanghai, China, Dec. 16, 1940 WILLIAM T. COLLINS *Clerk.*

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the Estate of Bert N. Nelson, deceased, to present the same with vouchers to the undersigned on or before June 15th, 1941, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

Myron Wiener.
Administrator ad Colligendum of the Estate of Bert N. Nelson, deceased.

Messrs. Rodger & Wiener,
181, Kiangse Road, 11th floor,
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Shanghai, China, December 16th, 1940.

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JAPAN'S WAR IN CHINA

When the Sino-Japanese hostilities broke at Peiping on July 7, 1937 and at Shanghai on August 13 of the same year, THE CHINA WEEKLY REVIEW immediately began compiling a day-to-day record of out-standing developments in the struggle including the diplomatic side as well as the military. These handy little volumes, each covering a period of six months, have now reached five.

They are 5" × 7½" in size and the number of pages runs from 116 to 180 for the different volumes.

Vol. 5 of the detailed day-to-day record of Sino-Japanese hostilities is now off the press. It covers the period from July 7, 1939 to December 31, 1939.

Outstanding developments in this period include the beginning of Japan's air raids on Chungking, Wang Ching-wei's activities at Nanking, Anglo-Japanese negotiations over the Tientsin incident, beginning of terrorism at Shanghai, abrogation of the America-Japanese Trade treaty, initiation of anti-foreign movements by Japanese Army authorities, "slapping" and "stripping" incidents at Tientsin, Ambassador Grew's denunciation of Japan's anti-American activities in China, beginning of U.S. "moral" embargo against Japan, etc., etc.

Preceding volumes of this series cover the following 6-month periods:

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